FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Barre stays as French Premier

Mr. Raymond Barre is to stay on as Prime Minister of France at least until next month, it was announced in Paris after the first Cabinet meeting since the General Election on Sunday.

In asking M. Barre to carry on until the new National Assembly meets on April 3, President Giscard d'Estaing did not reveal his long-term intentions.

M. Barre appears to stand a good chance of being re-appointed, at any rate for a limited period.

The list of other possible candidates was reduced by M. Jacques Chaban - Delmas' announcement that he would run for the presidency of the National Assembly.

Mme Simone Veil, Health Minister, and M. Alain Peyrefitte, Justice Minister, remain in the running. Back Page

Callaghan in talks with Carter

Mr. James Callaghan is to meet President Carter for talks in Washington to-day on the prospects of industrialised countries working together to improve the world economic situation. It is the Prime Minister's only formal engagement during a week's stay which is mainly a private visit to see his daughter, Margaret, son-in-law, Mr. Peter Jay, the British ambassador, and their children. Economic Viewpoint, Page 21

Spanish jail chief murdered

Three youths machine-gunned to death in Madrid Sr. Jesus Haddad Blanco, 39, director-general of the Spanish jail system, in what appeared to be a revenge killing for the recent death of an anarchist prisoner. Page 3

Teachers settle

Unions and local education authorities last night agreed a pay rise of almost exactly 10 per cent. on the £2.15bn. payroll for nearly half a million teachers in England and Wales. However, the Government delayed its approval in order to allow late night Ministerial discussions.

Rhodesia claim

Rhodesian nationalist guerillas claimed to have killed more than 380 Rhodesian troops, including British and U.S. mercenaries between last October and January. The claim was made in a Patriotic Front communique from Maputo, Mozambique. Guerilla chiefs an dblack African front line leaders plan to meet in Dar-es-Salaam to decide their next move. Central and East African news, Page 4

Reminiscent . . .

Soviet railways have started express services on several new routes between Moscow and the south, but they take longer than the old slow trains, a Moscow weekly newspaper reported.

Briefly . . .

Thousands of cans of suspect Brazilian corned beef are being withdrawn on the orders of the Department of Health after outbreaks of food poisoning in North Wales and Sheffield.

Capt. Mark Phillips is to spend his last working day at the Ministry of Defence to-day. In October he is to attend the Royal Agricultural College at Cirencester.

Nobel Prize winner Andrei Sakharov has been summoned to appear to-day at the Moscow public prosecutor's office.

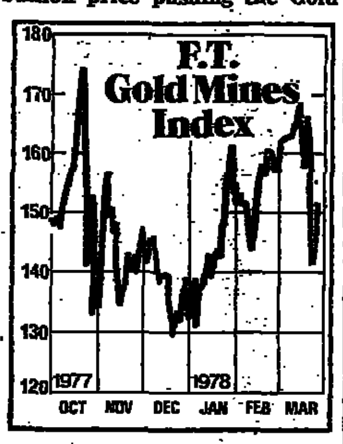
Court orders to seize more than £450,000 held in foreign banks, and belonging to three ringleaders of an LSD drugs conspiracy, were granted at Bristol Crown Court.

British Airways was fined £9 in Paris for failing to print the carriage conditions on its tickets in French as well as in English.

BUSINESS

Gold shares up 11; Gilts mark time

● GOLD SHARES provided the most buoyant aspect in equities, with overnight demand on Wall Street and recovery in the bullion price pushing the Gold



Mines index up 11.2 to 152.5. Elsewhere trade was low and the FT ordinary index closed 3.7 down at 462.6.

● GILTS showed subdued interest ahead of the holiday recess and the Government Securities index closed 0.09 up at 75.48.

● STERLING rose 10 points to \$1.8980, but its trade-weighted index fell to 63.8 (63.9). The dollar's depreciation widened to 5.50 per cent. (5.42).

● GOLD rose \$3 to \$180½.

● WALL STREET was down 3.12 at 759.70 just before the close.

● DE BEERS is putting a per cent. surcharge on rough diamonds coming to market at the next Central Selling Organisation sale this month as part of moves to make holding and speculating in diamonds less financially attractive. Back Page.

● PAY POLICY clauses to be inserted in public sector contracts are to be re-drafted following a meeting between CBI leaders and Treasury

● TURNOVER in Britain's casinos made a 43 per cent. jump to an estimated £680m. in 1976-77, according to the Gaming Board's latest report.

● FARMERS have been promised £4m. towards the cost of repairs after the winter's weather damage. Farmers who lost livestock will be helped by a special NFU fund. Page 35

● PRICES SECRETARY has said he is satisfied with tea blenders' price cuts, and has dropped plans to enforce further reductions. Page 8

● SHELL rural garages are expected to cut petrol prices by about 2p a gallon over the Easter holiday, and outlets selling other brands may follow suit soon. Page 8

● BRITONS spent 20 per cent. more on food, drink and tobacco last year according to Department of Industry figures. Page 8.

● U.K. CONSTRUCTION company is to be the object of a "co-ordinated blitz" by the factory inspectorate over its safety standards. Back Page.

Birds Eye reprieves plant

● BIRDS EYE has rescinded dismissal notices to 1,280 workers at its Kirkby, Liverpool plant and the factory is to reopen. Lucas Aerospace shop stewards say they will resist by every means company plans to close its Liverpool operation. Back Page.

● NATIONAL WESTMINSTER Bank is to offer extended facilities to bureau de change customers at one branch in central London. The plan has the blessing of banking unions. Page 9. At Lloyds Bank, a joint working party is being set up to consider a single negotiating body for all bank staff. Page 13

Varley cuts £1bn. from British Steel investment plans

BY ROY HODSON

A £1bn. cut in the British Steel Corporation's investment programme over the next two financial years is the central feature of the Government's new strategy for nationalised steelmaking.

Plant investment is being cut by half. The emphasis will be on achieving better quality without raising productive capacity until the world steel market takes an upturn.

The biggest projects to be deferred indefinitely are the £835m. doubling of steelmaking capacity at Port Talbot, South Wales, the £250m. plate mill for Teesside, and electric-arm furnaces which had been promised to modernise steelmaking at Shelton, in the Midlands, and Hunterston and Ravenscraig in Scotland.

The Government has deferred for the moment a capital reconstruction of the corporation, which now has a £4bn. debt in National Loan Fund and Public Dividend capital.

Outright grants to restore the financial position have been rejected because of fears that the U.S. would apply counter-vailing duties to the corporation's 750,000 tonnes a year exports to that market on the grounds of subsidised production.

It is not clear whether the temporary expedient being used—the subscription of new capital under Section 18(1) of the Iron and Steel Act 1975 — will satisfy the U.S.

The borrowing limit for British Steel is to be raised shortly by legislation. New capital provided from April 1 will be renumerated by dividends after the capital reconstruction. New capital provided before April 1 will not pay dividends at any time.

Mr. Eric Varley, Industry Secretary, outlined in the Commons yesterday the Government's strategy to rescue the corporation, which will lose just under £500m. in the current financial year. Simultaneously, a White Paper was published.

Details, Page 14
Editorial comment, Page 20

The corporation's cash limit for 1978-79 would be £875m., Mr. Varley said. He would shortly present to the Commons legislation to raise British Steel's borrowing limit. It would be premature to fix a minimum dividend requirement at this stage for payment after the capital reconstruction.

He said it was very difficult to determine the precise size and nature of the reconstruction needed to produce a viable long-term capital structure.

Mr. Varley refused to be drawn in the Commons or at a later Press conference about figures relating to the future of the industry.

Sir Charles Villiers, chairman of British Steel, said last night that the investment cutback would amount to an abandoning of proposed British Steel investments totalling £1bn. between 1978 and 1980. Nevertheless, British Steel will need a further £1bn. capital in the period.

Neither Mr. Varley nor Sir Charles would discuss an overall figure for the manpower reduction targets. But the Government has been using a working figure of a reduction of 38,000 over five years, from 168,000 actually engaged in iron and steelmaking down to 130,000.

Deferment of the building of new steelmaking plants — which will certainly mean the abandonment of some of the schemes — will have the effect of holding British Steel's steelmaking capability at about the present level of 26m. liquid tonnes a year.

New plant which is now being built and is "past the point of no return" in the Government's opinion will add another 5.5m. tonnes during the next two years.

However, a corresponding amount of plant in tonnage terms will be taken out of production

Continued on Back Page

Leyland £450m. new equity

By Terry Dodsworth, Motor Industry Correspondent

Mr. Michael Edwardes, British Leyland chairman, has won broad approval from the Government for his plan to restructure the company's finances with an equity injection of up to £450m.

This was made clear yesterday by Mr. Eric Varley, the Industry Secretary, in a Commons written answer in which he confirmed that the Government is to authorise the advance of a short-term loan of £275m. to Leyland.

The loan was being made available to enable the company to repay temporary borrowings and to continue its capital expenditure programme until Parliament had been able to consider Leyland's plans.

Mr. Varley added that there would be a debate on the proposals early next month.

The main issue still to be resolved by the Government is how the funds will be channelled into Leyland. Mr. Edwardes is believed to be asking for a total of about £850m.

World Trade News, Page 6
Vauxhall £2.1m. loss, Back Page

Mr. Varley could ask the National Enterprise Board, Leyland's main shareholder, and the vehicle being used to advance the £275m. loan, to accept responsibility for the whole package. Alternatively, the Department of Industry could put up some of the finance under Section 8 of the Industry Act.

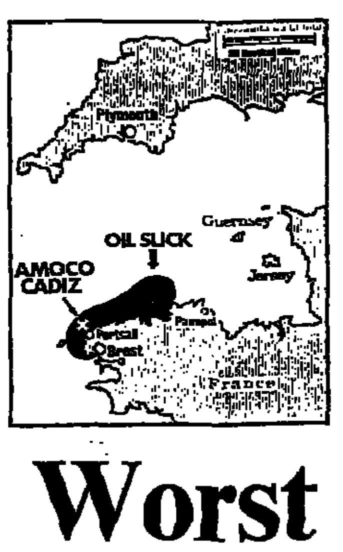
The £275m. will be absorbed within the overall refinancing scheme when it is put to Parliament. Meanwhile, the company is anxious to continue its investment programmes and to repay some borrowings, although the £100m. facility it organised recently with the big banks is not being used.

John Elliott, Industrial Editor writes: The £275m. loan will take the total amount of money which has passed through the NEB since its creation, near to the maximum of £700m. allowed under the 1975 Industry Act.

This means that Mr. Varley may decide soon after Easter to introduce an Order in the Commons which, under the terms of the Act, will permit the limit to go up to £1bn.

Whether he needs to do this, however, will depend partly on how quickly and what way the £275m. loan is cleared and could be taken out of the NEB's finances.

The problem arises because the NEB's total funds will have reached some £400m. by the end of this financial year and the addition of the £275m. will take it close to the £700m. ceiling.



SCALE OF THE DISASTER

THIS is the measure of the pollution disaster along more than 60 miles of French coastline

The affected coastline includes fishing ports and holiday areas. Last night a "breakaway" oil slick was reported about 50 miles from the Channel Islands but a forecast of northerly winds suggests France will have the Amoco's entire cargo driven on to ts shores.

Worst ever oil pollution

BY MARK WEBSTER BREST, March 23.

THE GROUNDING of the Amoco Cadiz is now the biggest pollution disaster in tanker history. Oil is still leaking fast from the stricken ship and there is little hope of pumping out any of the remaining oil.

Battered by gale-force winds, the last of the giant tanker's 14 storage tanks has ruptured and is leaking oil.

The last shreds of metal holding the two parts of the tanker together are coming under increasing strain.

The French Government is expected to announce new regulations governing the passage of tankers through the English Channel by July 1. President Giscard d'Estaing, to-day announced a Fr.Frs.5m. (£570,000) fund to help the victims of the pollution following a Cabinet meeting at which the disaster was discussed.

Commandant Francois Gillot, French naval spokesman, said to-day that if the present stormy weather continued there would be no oil left in the tanker by the week-end. Only 50,000 tons of the original cargo of 220,000 tons is left aboard, he said.

More gales

"At the moment it is practically certain that all the tanks are in contact with the sea, either directly or through the interior."

The five British boats sent out to help fight the pollution are preparing to combat a separate slick which has broken away from the main body of oil and is only 60 miles from the Channel Islands.

More gales are expected. To-day winds reaching 40 knots (force 8-9) were causing a 20-ft swell near the ship preventing any progress in emptying its contents.

The bulkheads of the 11 tanks inside the ship which were intact when itsplit just after midnight last Friday have been battered by the continual action of the waves. Three tanks ruptured when the ship went aground.

"Everything depends on the weather. There is no hope of getting any of the remaining oil out of the tanker while the winds are blowing like this," said Commandant Gillot.

The main slick now extends along more than 60 miles of the French coast over an area of 600 square miles from the Pointe St. Mathieu in the south to the Bay of Malaix in the north although much of it has been broken into smaller patches by the wind.

A change in wind direction to the north is likely to push larger quantities of oil on to the beaches, said the Commandant. At the Bay of Malaix a 14-mile-long rigid boom is being set in place to protect the harbour which is suffering from some of the worst pollution.

Land operations are being governed by the Plan Polmar, a recently constituted co-ordinating agency for dealing with marine accidents. Operations are being directed by M. Francois Bourgin, the Prefet of Finistere.

M. Jean Marc Janaillac, of Polmar, said that 240 soldiers and 70 civil defence personnel were involved in pumping oil off the surface wherever conditions allowed.

He said no start could be made on cleaning the beaches until all the oil had leaked from the tanker and had either been treated, blown out to sea, or landed on the shore.

"When it comes to the clean-up we will need many more people and vast amounts of equipment but we cannot tell yet when it will start," he said.

"People say that we were unprepared, that we didn't have the right equipment. But no oil slick is like any other one. You can never predict what sort of equipment you will need."

Amoco, the tanker owners, announced officially that their insurance liability under the Civil Liability Convention ratified by France in 1975, was Fr.Frs.77.364m. (£8.8m.) but further money was avilable under CRISTAL (Contract Regarding an Interim Supplement to Tanker Liability for oil pollution), to a maximum \$30m.

Men and Matters, Page 20

£ in New York

—	March 21	Previous
Spot	\$1.9000-1.9015	\$1.9040-.9050
1 month	par-0.05 prem.	0.01-0.06prem
3 months	0.05-0.09 prem.	0.03-0.08 prem
12 months	0.30-0.15 dis.	0.20-0.05 dis

Begin taken aback by Capitol Hill reception

BY DAVID BELL WASHINGTON, March 22.

THE SPECIAL relationship between Israel and the U.S. is coming under unprecedented strain amid strong indications that President Carter and Mr. Menahem Begin, the Israeli Prime Minister, have failed to resolve their serious differences.

They were due to hold a second meeting to-night.

The White House would not comment to-day on Mr. Carter's dinner last night for Mr. Begin, but the talks are said to have been "frank and tough." Mr. Begin is believed to have been unwilling, at least so far, to make further concessions on Israeli settlement policy in the occupied West Bank and Gaza Strip.

He also ran into some of the toughest questioning ever encountered on Capitol Hill by an Israeli leader. While he was talking to members of the House, Congressman Jim Wright, deputy leader, broke in to say that members were not trying to be hostile but were asking questions on the "basis of continuing friendship with Israel."

There were some indications this morning that Mr. Begin was taken aback by the tone of questioning on Capitol Hill.

Crisis in Lebanon, Page 4 and 20
Men and Matters, Page 20

Senators and Congressmen apparently took issue with Israeli settlement policy and also with the invasion of Lebanon.

Senator James Abourezk described Mr. Begin as "intransigent." He called on the President to stop further arms shipments to Israel until Israeli forces pulled out of Southern Lebanon.

As if to underline its current dissatisfaction with Israel, the Administration to-day took the unusual step of telling the House International Relations Committee that the Government remains determined to sell advanced fighter aircraft in a package deal to Egypt and Saudi Arabia, as well as to Israel.

Our Foreign Staff writes: Iranian troops designated to the UN force in the Lebanon moved into the south of the country from Israel despite a defiant assertion earlier by the commander of the Christian militias on the border that they would not be allowed to enter.

Two hundred French paratroopers, the vanguard of a 600-strong contingent, left Toulouse. The contingent, equipped with helicopter, and armoured cars, is expected to be established by the middle of next week.

After initial misgivings, the Swedish Government has agreed to send soldiers to Lebanon.

Barrow Hepburn inquiry starts

BY CHRISTINE MOIR

MORE THAN 25 per cent. was wiped off the market value of Barrow Hepburn, the leather group at the centre of a row over National Enterprise Board policies, after it announced yesterday that it had discovered "serious irregularities which may involve fraud" in one of its subsidiaries.

The subsidiary is the Glasgow-based hide dealer Schrader Mitchell and Weir.

The board refused to quantify the losses now expected to emerge but said they would be "very substantially greater" than the £945,000 provision made only two weeks ago in the preliminary accounts.

A full investigation of the irregularities, which were described yesterday as "very sophisticated," will be carried out by an independent firm of accountants, Whinney Murray. It will take two to three months to complete.

In the meantime the Board has decided to defer the promised final dividend of 2.299p based on attributable earnings of £1.4m. which did not include consolidated losses from Schrader. The effect was to wipe 12p off the share price, which closed at 34p.

The irregularities at Schrader began to come to light only recently when Barrow decided to close the subsidiary following the controversial re-organisation of its leather division.

After the formation of British Tanners Products, a company containing Barrow's main tanneries and jointly owned by the National Enterprise Board (a deal which has stimulated legal action against the NEB), British Tanners acquired the three main leather-dealing companies owned by Barrow.

This left Schrader isolated in the new company structure, and closure was decided on. At that stage it was thought that the cost of that and trading losses would be covered by a £454,000 transfer from reserves.

The investigation into Schrader is not likely to delay the annual report and accounts. They will be posted to shareholders in the next three weeks, which places the annual meeting some six weeks away.

By then the investigation will have been substantially completed and a further statement can be expected.

Publisher's Notice
FINANCIAL TIMES
will NOT be published to-morrow, Good Friday, or on Easter Monday. It will be published on Saturday, as usual.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 8¾pc 1981	£97 3/16	+ 3/16
Excheq. 10¼pc 1995	£91	+ ¼
Aurora Holdings	91	+ 4
British Aluminium	445	+ 45
Bullough	142	+ 10
Combined Eng. Stores	78	+ 3
Hall (M.)	182	+ 5
Heron Motor	110	+ 7
MY A	124	+ 7
Lane (Percy)	59	+ 7
Primrose Ind. Hldgs.	88	+ 9
Rolls-Royce Motors	84	+ 3
Sedgwick Forbes	385	+ 13
Sun Alliance	540	+ 10
Thurgar Bardex	14½	+ 2
United Biscuits	148	+ 4
Malakoff	85	+ 5
Anglo American Crp.	284	+ 10
Conzinc Riotinto	168	+ 6
De Beers Dfd.	342	+ 9
Doornfontein	274	+ 30
Durban Deep	213	+ 45
Grootvlei	108	+ 15
Loraine	99	+ 19
Marievale	79	+ 10
Northern Mining	18	+ 9
Pancontinental	825	+ 50
SA Land	45½	+ 7½
Venterspost	217	+ 45
West Driefontein	£18¼	+ 1¼
West Rand Cons.	122	+ 35

FALLS

Barclays Bank	330	− 10
Barrow Hepburn	34	− 10
Bowring (C. T.)	116	− 4
Glaxo	527	− 8
NatWest	270	− 8
Sanger (J. E.)	31	− 4
Tube Invs.	368	− 10

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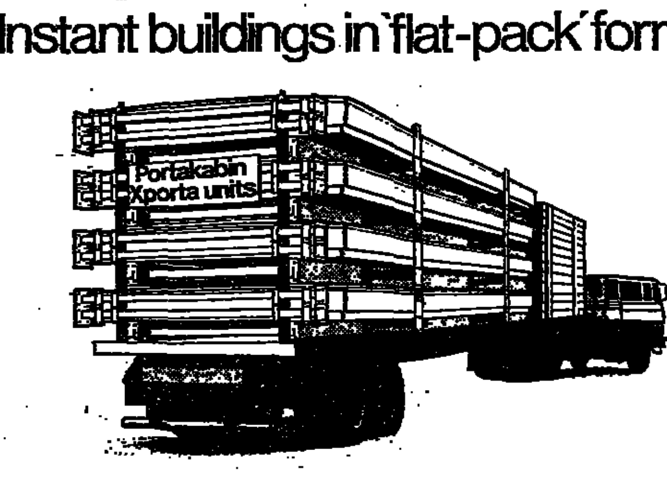
FEATURES

For latest Share Index 'phone 01-246 8026



EUROPEAN NEWS

ANTHONY ROBINSON, recently in East Germany, reports on how that country's citizens see their regime

Pride tempers desire for liberalisation

THE TIGHTLY GUARDED frontiers of East Germany are thrown open twice a year to thousands of businessmen, bankers, and journalists, to take part in the Leipzig spring or autumn trade fair. This spring the fair itself was a rather unexciting affair. East Germany, like most of its partners in Comecon, is short of foreign exchange, has an external payments deficit with the West, which it wants to reduce, and is mainly interested in compensation type trade agreements into which many Western suppliers are reluctant to enter.

All this meant that most of the deals agreed at Leipzig last week were of a routine nature, although the fair served, as usual, to renew contacts and review the prospects for a few future potential deals of a major kind. The most exciting of these longer term hopes concerns the East German interest in modernising the automobile industry and replacing its ageing home-produced Wartburg cars.

Although what is billed as the most important East-West trade fair proved to be a rather low key occasion this spring, it provided a welcome opportunity to visit what is in many ways one of the most enigmatic of the Comecon countries. On the surface, and in the official propaganda, the GDR portrays itself as a model of orthodoxy and loyalty to the Soviet line. The Press is tightly controlled. To judge by the main party paper, Neues Deutschland, the most newsworthy events are the hellos and goodbyes said by the party chief and chief of state, Herr Erich Honecker, to visiting delegations. It is portrayed as a land in which smiling workers promise to overfulfil their production targets, and citizens everywhere spontaneously proclaim their affection and loyalty to the Soviet Union and its armed forces.

'My students don't want to know about politics. They'll join the party if they want to get on, but they'e totally cynical about it.'

This subservience to the canons of Soviet iconography does not do justice to the highly complex reality of this most westerly country in the Eastern bloc. In recent weeks the regime has been shocked by reports in the West German magazine, Der Spiegel, of an organised faction within the ruling Socialist Unity Party (SED) calling for a less rigid and more democratic structure, closer to the sort of ideas put forward by the Euro-Communist parties. The death of Herr Werner Lamberz, the party's propaganda chief and Herr Honnecker's heir apparent, in a Libyan helicopter accident has increased the malaise.

At the same time the regime's main concession to demands for the easing up of the rigidities of the system, that is to say the opening of a network of "Intershops" where East Germans can buy western goods at inflated prices, provided they pay in hard currency, has angered those without an aunt in Cologne or other means of access to hard currencies.

Officially the party has denounced the Spiegel report as a fabrication. If the so-called Manifesto Group does exist within the party, its members have not yet been identified. Whether the group as such exists or not however, it soon becomes quite clear talking to ordinary GDR citizens that there is a widespread desire for a less rigid system, especially among younger people. This is, however, usually tempered firstly by a considerable sense of pride in what has been achieved in the extra-ordinarily difficult first 30 years of East Germany's life and secondly by an acute sense of the geo-political realities on the frontiers of the Warsaw Pact and a special love-hate relationship with the Soviet Union.

The following account of some of the conversations I had during my recent stay in Leipzig and travels to Dresden and Berlin gives some idea of what East Germans are thinking at this time.

* * *

"I'm a University Professor. I consider myself a Communist and an idealist. You cannot imagine how difficult it has been to build what we have here. First the Russians carted away most of what little was left after the war. Then up to 1961, when the Berlin Wall was built, millions of mainly young and skilled people left for the West. Just look around at the disproportionate number of old people who are left. Then we suffer because everybody compares us with West Germany.

"We even compare ourselves to West Germany—and we are in a unique position to do so. Most people switch on to West German radio and TV every night. Just look at all the TV antennae on the rooftops—no one would dream of buying a TV which could only pick up our programmes. But in many ways it is unfair to compare us with West Germany; where, after all, does Britain stand, economically at least, in comparison, and you have had many more advantages than we have?

'But what can we do? We have Russian troops all over our country.... things can only change here if something changes in Moscow.'

"I studied in Britain and I liked the country and the people. Especially the students; they were so lively and committed. My students don't want to know about politics. They'll join the party if they want to get on, but they're totally cynical about it and have no intention of getting into trouble by trying to change it. I'm interested in what the Yugoslavs are doing and in Euro-communism, but all that is taboo here."

* * *

"I'm a machine builder. I'm just coming home after several weeks installing a machine in Poland. I'll be glad to get a good meal again. There is not much to eat in Poland. I am a very hard worker. When I get back I shall carry on building my house. It means I no longer have time to play football with my mates. Instead we have all clubbed together to build ourselves houses. You can never get the material you need legally.

"All of us work in different trades and by swapping favours we manage to pick up bricks here, cement there, window frames and so on. Everybody does it. We all do several jobs if we can. But never for cash. That's useless, unless you are saving up for a car like I am. We have to pay cash on the nail and then wait years, unless you pay in hard currency. Myself I'd like to have a chance to build the machines we export to the West. Then I could bring back some real money and buy western goods at the Intershop. But, oh no—where do they send me? To Poland, where I cannot even get a good slice of meat."

* * *

Getting the GDR off the ground was Walter Ulbricht's responsibility (right). Keeping it on the straight and narrow is the task of his successor, the present chief of state and party Erich Honnecker (left).

"Both my son and I work in a machine tool factory. Most of our machines are exported. Those we sell to the West we spend ages painting, polishing and perfecting—and then they are sold in Western Germany at dumped prices. The other machines are sold mainly to the Soviet Union. We don't know where they go. All we know is that we never ever receive a complaint from them. They buy our machines by weight, by the ton and we hear no more about them. We ship them off more or less as they come off the production line. Both ways that's dispiriting."

* * *

"I'm a party member, I live in Leipzig, my home is here, my friends are here. I've a good job as an engineer, a comfortable home for which I pay a very low rent, and every now and again I go over to Western Germany to help set up the machines we sell.

"In the West German factory their management tried to keep us away from their own workers. But I slipped off. Their toilets have those little half stable doors we used to have in the army and the inspectors keep checking up to make sure everyone is working. They work at a much harder pace than we do, and we would not stand being chivvied around like they are in the West. Besides here there is no unemployment. On the other hand I'm a specialist, and I studied for years. But differentials are far too narrow now—it's hardly worth putting in all that effort."

* * *

"I'd love to travel to the West. Just to see it and feel able to come and go like they do in Hungary and Yugoslavia. The trouble is that our government just does not trust us. They feel that if they opened the frontier about 30 per cent. would leave. Maybe they would. With us it is not as in the other countries. When they leave they have to start again in a completely new country. We could leave and still live in our own country—that one behind the wall. But I personally would come back. We have built up something here under tremendously difficult circumstances. I should not like to see it destroyed and the thought of a united Germany under the control of the big monopolies horrifies me, and many others too."

* * *

"The GDR in many ways is a nice place. But basically its a nice big prison. I have no complaint about the economic system. I think it is right that the capital from accumulated labour should be in the hands of the people. But they are so narrow minded.

"Honecker is infinitely better than that interfering know-all Ulbricht. But Honecker is basically a stooge. Neither he nor Stoph (the Prime Minister) and the other leaders have any presence, none of them know how to make a good speech, and when I compare the quality of our leaders with the skill of people like Schmidt and the others I feel ashamed of them.

"But what can we do? We have Russian troops all over our country. We are the front line. So although we Germans feel and know ourselves to be so much more sophisticated and advanced than the Russians we, of all East European countries, are the most closely tied to Russia. Things can only change here if something changes in Moscow."

Portuguese Government under attack over wages

By Jimmy Burns

LISBON, March 23

THE Communist - dominated General Workers' Confederation Intersindical, which claims to control more than 80 per cent. of Portuguese labour, has publicly criticised for the first time the Government's inability to reach an agreement on wages and/or price control.

Since the new Government—an alliance between Socialists and Christian Democrats—took office in January, three meetings with union leaders, held in an attempt to reach a social pact over the proposed austerity measures, have ended in deadlock.

Although the general guidelines of the Government's economic plan for 1978, published last week with the budget, include a proposal that there should be a wage ceiling of 20 per cent. and that inflation should be brought down from 27 to 20 per cent., the question of a minimum wage and the control of prices remain unresolved.

The Portuguese worker has experienced a sharp drop in real wages during the past year (18 per cent. between December 1976 and December 1977).

Portugal has an estimated bill of $750m. for food imports during this year. Although the Government has promised to maintain and possibly extend a "shopping basket" of essential items whose prices are frozen for a year, and also has just launched a 10-day campaign to crack down on food speculators, most observers believe that prices will inevitably rise in the coming weeks.

Also in its general economic proposals, the Government has promised that unemployment will not rise beyond its present level which it estimates at 9 per cent. but which unofficial sources put as high as 16 per cent.

Labour, however, is apprehensive about the squeeze on credit to industrial units which cannot justify their losses. By the Government's own admittance, a number of small and medium-sized companies will be forced to close in the coming months.

EUROPEAN NEWS

Apel sweeps aside plans for reorganising forces

BY JONATHAN CARR

BONN, March 22.

ONLY a month after he took office, Herr Hans Apel, the new Defence Minister, has drastically modified plans to reorganise the structure of the Bundeswehr—the West German armed forces.

In one move, Herr Apel has decided to block creation of a central agency through which the present, separate, support operations for the army, navy and air force would have been co-ordinated. He has come to the conclusion that this would imply an unjustifiable upheaval.

In another decision, he has made clear that he will not accept in their present form plans aimed at making the brigade structure more flexible—principally to cope better with enemy armoured attack. While the Minister approves of the aim, he feels that the cost of the change—around DM1bn.—would be too high.

Some small elements of both plans may yet be salvaged. For example, action is still expected to centralise long-distance communications support, for which each of the services still has its own network. But the scheme for much wider centralisation of other support systems, against which many senior officers have long had strong reservations, appears dead.

The moves have inevitably been seen here as a case of a new and highly cost-conscious Defence Minister sweeping clean. Herr Apel was Finance Minister from 1974 until last month. They are also being interpreted as an implied criticism of the previous Defence Minister, Herr Georg Leber, in whose period of office the plans were principally developed.

Herr Leber, stepped down following revelations of bugging activity carried out by the military counter-intelligence service (MAD). In another revision of a decision taken by his predecessor, it was revealed to-day that Herr Apel has restored control of the MAD to the military leadership within the Defence Ministry. Herr Leber had placed the MAD directly under his responsibility at the end of last year, on discovering that he had not been kept fully informed of its activities.

Herr Apel's decisions on Bundeswehr structure have caught unawares even members of his own Social Democrat Party (SPD). An SPD spokesman referred to them as surprising, but correct. The parliamentary opposition has complained that the Bundestag defence committee was not sufficiently consulted.

Further, opinion is divided on the wider significance of the decisions. Supporters of Herr Apel claim that he has released funds which can be better spent strengthening the armed forces elsewhere. Critics suggest the need for such action demonstrates that insufficient sums are being made available through the defence budget.

Metal talks to resume

BY OUR OWN CORRESPONDENT

BONN, March 22.

UNION AND employers representatives in the West German metalworking industry agreed to resume talks in Stuttgart tomorrow to try to end a regional strike now more than a week old.

At issue are higher wages and job security measures. A previous effort to reach a settlement foundered last week-end and only to-day was contact renewed between the two sides.

The strike is taking place in North Wuerttemberg - North Baden, where more than 600,000 metalworkers are employed. Some 85,000 of these are actually striking at key, selected plants, while another 146,000 have been locked out by employers.

The impact has already spread to other areas, and other industries, dependent for components on the strike-hit region. The employers have put the daily loss in turnover to the German metalworking industry at about DM150m.

Unions seek Giscard meeting

BY DAVID CURRY

PARIS, March 22.

IT IS clear that appeasement of the French trade unions will be an early priority of the new French Government. Two of the big three unions have already requested meetings with President Giscard d'Estaing and the third, the Communist-led CGT, has demanded early negotiations on a range of contentious issues.

The first through the doors of the Elysee Palace will be the executive of the moderate Force Ouvriere. Its leader, the strongly anti-Communist M. Andre Bergeron has seen the President several times already and was prominent in seeking some form of modus vivendi with the Barre Government.

The union is strong in particular sectors—the industrial belt in the north, parts of the steel industry, the civil service, and the Paris regional transport system—and it is in the Government's interest to conciliate M. Bergeron who stood aloof from much of last year's joint union industrial action.

More significant, because it is novel, is the request from M. Edmond Maire, the leader of the Socialist-inclined CFDT to meet M. Giscard d'Estaing. M. Maire, whose union is very decentralised and relatively keen on workers' control, has stated that with the defeat of the Left the union movement must take the practical course of coming to terms with the existing regime.

Since the Government is likely in any case to relax its austerity programme, and permit an increase in purchasing power and improve benefits, it may be able to reach some form of tacit understanding with M. Maire.

The CGT is a different case. M. Georges Seguy, its leader openly backed the Communist Party, of which he is an executive member during the election to the discontent of some of his Socialist-leaning colleagues. He has demanded global negotiations with Government and industry on higher wages, restoration of differentials distorted by pay restraint, reduction of unemployment and better working conditions.

The unions are afraid that with the elections out of the way, unemployment will accelerate. They suspect that industry will shed some of the young people they hired before the elections and that a series of redundancies in crisis-hit companies (like the Boussac textiles group) could come once electoral inhibitions have been removed.

The situation is delicate. While the Government may escape the so-called "third round" of industrial action (the first two being the two-tier voting in the election), it may well have to make visible moves towards satisfying some union demands

Sr. Jesus Haddad

Spain jail chief shot dead

BY ROBERT GRAHAM

MADRID, March 22.

THREE UNIDENTIFIED youths gunned down Sr. Jesus Haddad Blanco, the Director General of Spanish Prisons, in a residential area of Madrid early this morning. The assassination, which was immediately condemned by all the main political parties, added a new seriousness to the problem of political violence in Spain

Sr. Haddad is the most senior Spanish official to be assassinated since the death in 1973 of Admiral Carrero Blanco, who was killed when a bomb exploded underneath his car in Madrid. So far, no group has claimed responsibility for Sr. Haddad's death.

The attack on Sr. Haddad occurred as he was getting into his official car outside his house in the Salamanca district of Madrid. The attackers apparently fired from point blank range and left his chaffeur unharmed. Sr. Haddad died shortly afterwards in hospital.

Sr. Haddad was appointed Director General of Prisons in December. Though a member of the ruling centrist party, the Union de Centro Democratico, he was considered to have a liberal approach towards prison reform, and was chosen for the job because of this.

His death comes almost a week after an anarchist died in a Madrid prison allegedly as a result of maltreatment by prison warders. The anarchist's death caused a major outcry, and only two days ago his funeral was attended by some 3,000 people. The authorities have suspended 10 prison officials in connection with this death.

Irish unions accept wages pact

BY GILES MERRITT

DUBLIN, March 22.

THE THREAT of a wages free-for-all that would jeopardise Ireland's economic boom was averted to-day when the Irish Congress of Trade Unions (ICTU) voted to accept the Republic's 1978 National Wage Agreement.

By a slim majority of 25 delegate votes, the ICTU ratified the new pay pact restricting wage increases to 8 per cent. Opponents of the wages deal, among the 400-plus delegates at the ICTU special conference, had been expected to win the vote because of growing trade union resentment against a cooling-off clause contained in the pact.

The union's acceptance of the national agreement now gives Mr. Jack Lynch's Fianna Fail Government a basis of guaranteed wage restraint for its ambitious economic policies which this year aims at pushing GNP growth to 7 per cent. and maintaining it at that annual level until the end of 1980. The Dublin Government's strategy also envisages halving unemployment to around six per cent. during that period and stabilising the annual inflation rate at five per cent.

Until to-day's ICTU vote in Dublin that programme had seemed to be endangered by growing trade union discontent over the pay pact. The possibility of its rejection hardened earlier this week when Ireland's largest trade union, the Irish Transport and General Workers' Union which controlled 65 ICTU delegate votes, decided that its inclusion of a strike cooling-off period made the agreement unacceptable. However, a surprise 11th hour decision by the National Engineering and Electrical Trade Union to support the pay pact is understood to have influenced a number of uncommitted delegates.

Although the 90 union strong ICTU's endorsement of the National Wage agreement is already being welcomed by Government Ministers, Ireland nevertheless faces a deteriorating industrial relations situation. There is growing concern inside the Government over the present level of strikes and the inadequacies of the procedures available for settling them.

The telephone and telex engineers strike that has been crippling Ireland's export industries for almost two months is still unresolved, and for several weeks has been the subject of internal union balloting. There are no signs, either, of an early end to the ten-day strike by Aer Lingus clerical staff that has been disrupting the national airlines operations and threatens it with major losses over the peak Easter period. It is considered no accident that both disruptions are in the public sector, for poor labour relations have become the hallmark of public and semi-state bodies and strikes now run at five times the level of that in private manufacturing industry.

'Foreign role' in Moro kidnap

BY DOMINICK J. COYLE

ROME, March 22.

THE ITALIAN police, reinforced by new emergency anti-terrorist measures, are understood to beileve that the planning, and probably alsot he actual execution, of last week's kidnapping of Sig. Aldo Moro, was led by a foreigner,

picture assembled of the reported terrorist leader shows a man of 30-35 years with reddish hair and a moustache who is said to speak Italian with a halting accent. The police have suggested no nationality.

External involvement in the kidnapping has already been hinted at repeatedly by spokesmen for the main political parties, including the Christian Democrats (DC) of whom Sig. Moro is the president.

It is difficult to evaluate the accuracy of this latest piece of reported police intelligence, however as the police themselves and the Interior Ministry remain remarkably tight-lipped on the whole affair.

The evidence from photographs issued earlier of people the police wished to interview is not too encouraging, since it was subsequently discovered that two of the "wanted" men were already in prison. Similarly, a woman suspected of this and other terrorist acts, and for whom the police are said to have been searching for almost three years, actually registered into an hotel under her own name in the north of Italy earlier this month. As is routine in Italy, notification of her registration, and that of other hotel guests, was passed to the local police, but the information was not sent to Rome.

The manhunt for Sig. Moro continues, although at a much lower level of obvious activity than in the days immediately following the kidnapping.

Italian army units have since been called out in support of the police, while anti-terrorist experts from both Britain and West Germany are assisting the work of the various domestic security agencies being co-ordinated by the Interior Ministry.

The claims of responsibility for Sig. Moro's kidnapping purporting to come from the extreme left-wing Red Brigades terrorist movement are, it seems, still being treated with some official caution, at least in the sense that those responsible are necessarily connected directly with those members of the Red Brigades faction currently on trial in Turin.

One of the Turin accused on Monday shouted, "We have Moro," from the specially-erected steel compound which is serving as a court dock, but the authorities are inclined to believe that this may have been more an expression of their hope than anything else.

Meanwhile, the emergency anti-terrorist measures approved by the DC Government last night have brought little criticism from the other main parties, although some left-wing factions have argued about the threatened ersoion of individual liberties.

Clearly in the present national climate, none of the main parties wants to be seen as undermining the effectiveness of the police and the courts, or of failing to support the Andreotti Government in its steps to reinforce the hand of the authorities against terrorism. This generally bipartisan mood could, however, change, and already some political voices are being raised privately suggesting that the authorities are failing to act "with sufficient urgency and determination."

The Czech Communist Party daily Rude Pravo yesterday denied allegations in some Western newspapers that Czechoslovakia had trained members of the extremist Italian red brigades, Reuter reports from Prague. It called the allegations an outright affront and a transparent but dangerous lie.

EEC competitiveness blunted

BRUSSELS, March 22.

RISING LABOUR costs blunted the European Economic Community's corpetitive edge in industry last year, the EEC's Executive Commission said to-day.

Its latest survey of the economic situation in the nine-nation Common Marekt showed that industrial production improved a little during the winter but that no substantial recovery was yet in sight.

But the Commission said the basic trend of unemployment and inflation was downwards, and the EEC could reach its 1978 target of reducing its average inflation rate to between 7 and 8 per cent.

The survey said the EEC's industrial competitiveness suffered significantly in 1977 due to faster increases in labour costs than in the previous year.

Reuter

Fall likely in Swedish investment

By William Dullforce

STOCKHOLM, March 22.

SWEDISH INDUSTRY expects its investments to sink by a further 10 per cent. in volume this year after a 17 per cent. decline in 1977, according to the latest company opinion survey by the Central Statistical Bureau. By contrast, the bureau reports favourable stock developments and the possibility of a surplus on the foreign trade account.

The export companies forecast an increase in the volume of exports this year which, combined with the anticipated cut in imports, would give a trade surplus of S.Kr.2.74bn. (£305m.) in the first six months. The trade balance in the first half of 1977 showed a deficit of S.Kr.2.5bn. The bureau points out, however, that only slight changes can upset the figures.

Swedish companies believe they can export S.Kr.94.1bn. worth of goods in 1978, or about 10 per cent. more than last year. Most optimistic is the iron and steel industry, which hopes to boost sales by 21 per cent.

During the last quarter of 1977, Swedish industry's stocks declined by 3 per cent., compared with increases of 2 and 3 per cent. respectively in the corresponding periods of 1975 and 1976.

On the investment side, the companies report spending S.Kr.14.4bn. at current prices in 1977. A decline of 8 per cent. in value and 17 per cent. in volume compared with the previous year. Investment plans for this year indicate total spending of S.Kr.13.4bn.

OVERSEAS NEWS

Qana, Israeli-held Lebanon: A Lebanese woman hands coffee to Israeli tank troops. The fragile ceasefire, unilaterally declared by Israel, is by and large holding.

Christians block spearhead of UN force from occupied area

BY DAVID LENNON

TEL AVIV, March 22.

CRISIS IN SOUTH LEBANON

THE CEASEFIRE in southern Lebanon appeared to be holding to-day, but the spearhead of the UN interim force in Lebanon (UNIFIL) was prevented from entering the area by Christian villagers—Major Saad Hadad, commander of the Christian militia, said he had no faith in the ability of the UN to keep Palestinian guerillas out of the region. If the UN troops wanted to reach the Litani River they should go through Beirut, he said.

From Metullah, meanwhile, it was reported this afternoon that rockets, apparently fired from deep in Lebanon, had reached northern Israeli territory. Military authorities here said that there had been no casualties but declined to say how many had fallen and from where they came.

Earlier, Christian villagers had stoned a UN car taking two officers to relieve an observer post in the Lebanese village of Khiyam. They and the 52 Iranian soldiers held up later were still waiting this afternoon in northern Israel for the deadlock to be resolved. A UN spokesman said it was not certain the force would enter Lebanon to-day.

Mr. Ezer Weizman, Israeli Defence Minister, this morning told the Chief Coordinator of the UN peace-keeping missions in the Middle East, Lieutenant General Ensio Siilasvuo, that Israel would give UNIFIL every technical assistance necessary to help it perform its function. Mr. Weizman was due to report to a special Cabinet session this evening on the latest military and political developments.

The Defence Minister explained in a radio interview that Israel had decided on a unilateral ceasefire yesterday in order to encourage the Palestinians to stop firing.

Earlier reports from South Lebanon this morning indicated that the firing had virtually stopped, apart from one or two isolated incidents. Israeli troops were told that they were only to fire if attacked or shelled.

Mr. Weizman said the Israeli invasion had "destroyed Fatah bases, captured lots of arms, and killed Fatah." At the same time he admitted there were still Palestinian bases north of the Litani River, but said he hoped that they would now appreciate they will get nowhere by attacking Israel.

No timetable has been set for the Israeli troop withdrawal which will be effected only after Israel is assured that the Palestinian forces will be kept north of the Litani.

The UN forces are expected to take up positions along the Litani River, and to take control of its three bridges. They will also man a bridge on the Hatsbani River further to the east.

As the force grows in strength, to about 4,000 the UN troops will take up positions in other parts of southern Lebanon

PLO guerillas debate ceasefire

BY ROGER MATTHEWS

BEIRUT, March 22.

A FIERCE DEBATE developed to-day within the Palestine Liberation Organisation (PLO) over whether it should accept the ceasefire announced by Israel in southern Lebanon. Mr. Yasser Arafat, Chairman of the PLO, was reported to have travelled to Damascus for talks with President Hafez al Assad.

Meanwhile at the headquarters of the military command of Al Fatah, the largest guerilla group, some units said they wished to continue the fighting, but added they would abide by command decision.

However, apart from the very limited shelling, the ceasefire appeared largely to have been at least temporarily accepted by the Palestinians. According to a military spokesman, in the town of Sidon one-third of the Fatah guerillas are in Israeli-occupied territory which now stretches up to the River Litani with the exception of the narrow coastal belts that include the city of Tyre.

He said that Tyre had been reinforced this morning, and that two United Nations observers had been escorted through to the city. Elsewhere the first batch of UN men, forming part of the new peace-keeping force, are said to have begun studying the territory around the two bridges over the Litani in the eastern sector.

The Palestinians appear to be coming under pressure to make the ceasefire stick both for political reasons from the Syrians and the Saudi Arabians and for humanitarian reasons related to the plight of refugees.

Ihsan Hijazi adds: Syria has collected comprehensive data on the arsenal which the Israelis used in their war with Palestinian guerillas in southern Lebanon.

Syrian military monitors were particularly interested in the F-15 interceptor used by the Israelis in action during seven days of air combat against the commandos, according to informed diplomatic sources here. President Assad earlier this week told Arab visitors in Damascus that an anlysis of the data proved the Syrian air force can cope with the F-15, the sources said.

Nigeria tells Barclays staff to leave

THE NIGERIAN Government has ordered withdrawal of public funds from Barclays Bank of Nigeria Ltd. and a reduction of its foreign staff in protest at the bank's policy towards South Africa, Lagos radio said yesterday.

The radio, monitored in London, said public sector agencies had been told to withdraw their accounts from the bank and one-third of its expatriate staff had been told to leave Nigeria within one month.

A Barclays official in London said the bank had not yet been officially informed of the Nigerian moves.

Barclays of Nigeria had about 80 or 90 branches throughout the country, the official said, and about 30 expatriate staff were employed there.

Reuter

Michael Blanden adds: Barclays Bank of Nigeria has been under the majority control of the Nigerian Government since September, 1976. Barclays then reduced its stake to 40 per cent., with the Federal Government holding 51.67 per cent. and the Nigerian public 8.33 per cent. Barclays continued, however, to provide technical and management assistance to the bank.

The Nigerian company had total deposits of just over 1bn. naira at the end of last September, equivalent to around £900m. Its pre-tax profits for the year were N34.4m. or about £29.2m.

Martin Dickson adds: The Lagos Government's move appears to be the first major public step to implement Nigeria's new—and still unclear—policy of punitive action against companies dealing with South Africa.

The new policy was revealed in outline last August by Lt.-Gen. Olusegun Obasanjo, the Nigerian Head of State,

'Time running out' for the Rhodesian economy

BY TONY HAWKINS

SALISBURY, March 22.

RHODESIA'S largest bank—the Standard Bank—to-day warns in its quarterly economic bulletin that "time is running out for the Rhodesian economy."

The bank says in a sombre review of economic prospects that following a seven or eight per cent. fall in real gross domestic product last year, the Rhodesian economy is facing another "exceptionally trying year." It predicts that economic and military pressures will intensify this year unless international recognition and an end to the war is forthcoming in the near future. It is prudent to anticipate "another marked deterioration" in the Rhodesian economy this year it says, adding that there are few grounds for anticipating that the 1978 decline in real output will be any less than that experienced last year.

The Standard believes that the major stimulus to the economy this year will be in the form of net Government current spending. There may also be a positive boost from agriculture—especially maize and African subsistance output—but the abnormally heavy rains of recent weeks have more than offset the increased plantings of cotton and tobacco.

The bank estimates that the economic and shooting wars are between them costing the Rhodesian Government $R1m. a day (£800,000). It believes that the next fiscal year could see this bill rising a further 20 to 25 per cent.

An increasing number of business operations are facing severe cash flow problems and while these can be countered—at least temporarily—by the banks and the Government there is a clear limit in the capacity of the economy to do this. More than ever before, time is running out for the economy and in the absence of a breakthrough to international recognition, it is faced with the spectre of closures and redundancies on a significant scale, says the Standard Bank.

The bank says that following the severe 20 per cent. import quota cutbacks in January there have been further import allocation reductions of a similar magnitude for the April quarter. Industrial output will fall again this year it says and mining is unlikely to attain even the 3 per cent. expansion enjoyed last year. The bank points out that the growth in both mining and agriculture last year should be seen in proper perspective — requiring stockpiling and heavy government financial support.

It predicts a continuing high level of white net emigration from Rhodesia this year and draws attention to the economic problems that face the new transitional government. It will have to decide how to cope with the growing budget deficit, what to do about the pay pause which is due to expire in mid-year and how to deal with the problems of agricultural prices which are placing an enormously heavy burden on the Exchequer in the form of massive subsidies to the beef industry as well as to tobacco, wheat and milk producers.

Looking to the longer term position, the Standard Bank draws attention to the fact that by the end of this year per capita income (in real terms) will have fallen some 27 per cent. from its 1974 peak. It warns that even assuming a return to positive growth in 1979—which is by no means assured—it will take until 1984, even on favourable assumptions, to regain the living standards of 1974. It says also that in the past four years a backlog of at least 250,000 in the number of unemployed black men has been built up.

'Front-line' States to meet Young

DAR ES SALAAM, March 22.

Mr. Andrew Young, U.S. Ambassador to the UN: on a trip to Africa.

RHODESIAN guerilla chiefs and the leaders of the black African "front-line" states plan a summit conference to decide their next move, following the Salisbury deal to settle the Rhodesia issue.

They reject the Salisbury agreement, between Mr. Ian Smith and three black leaders who are based inside Rhodesia, which resulted yesterday in the swearing-in of a transitional multi-racial government, excluding the Patriotic Front Alliance.

The guerillas will meet in Dar Es Salaam at the week-end with leaders of the "front-line" states—Angola, Botswana, Mozambique, Tanzania and Zambia — and U.S. envoy Andrew Young.

In Lusaka, Mr. Young said to-day the Salisbury settlement of the Rhodesia issue could expect "very little, if any, support from the United States."

He told a news conference: "This is something less than genuine majority rule. It does not represent all the parties concerned, will not put an end to the fighting."

Mr. Young also said a Cuban presence in Mozambique and Zambia would have to be deplored if it increased bloodshed in the Rhodesia fighting, but was not sure that it would do that.

Reuter

The Rev. Ndabaningi Sithole, who yesterday became a Minister without Portfolio in the Rhodesian Government—the title being given to the three black members of the four-man executive council—to-day ruled out further international meetings to discuss the Rhodesian issue. At a news conference in Salisbury to-day Mr. Sithole said "the idea of going to New York, Pretoria or London to start another discussion is out of place.

Mr. Sithole's remarks mean that all the four parties to the internal settlement have expressed opposition to the proposed Anglo-American conference on Rhodesia. Mr. Sithole told newsmen that the externally based guerilla leaders—Mr. Joshua Nkomo and Mr. Robert Mugabe—were welcome to return to the country to participate in the elections planned for the end of this year.

Our Foreign Staff adds: Dr. Siteke Mwale, the Zambian Foreign Minister, on Wednesday urged the British and American Governments to stick by their proposals for a Rhodesian settlement and warned that unless there was a "positive move" to resolve the situation there could be "an East-West confrontation in that part of the world."

ZAMBIA AFTER THE DEVALUATION

A last hope for recovery

BY MICHAEL HOLMAN IN LUSAKA

THE warning from the Zambian Finance Minister, Mr. John Mwanakatwe, was stark: this is "the last hope for the economic recovery of our country," he said last Friday, announcing an International Monetary Fund (IMF) two-year aid programme. Officials hope it will be accompanied by increased bilateral aid from western and other countries.

The steady decline of the Zambian economy, following the post-'74 slump in copper prices, has been an ordeal for the nation, and the initial reaction from the business community was a sigh of relief, not entirely without worry though. Part of the credit will go towards reducing the massive arrears on import payments and allow an increased issue of import licences, which have been severely cut over the years. But relief is tempered by the realisation that if the government is to implement the IMF terms, it has to overcome three major challenges.

It must convince a battered electorate, due to go to the polls later this year, that the need for austerity measures is far from over; it must maintain a tighter control over the economy than it has displayed hitherto; and it must resolve policy disputes within the administration between supporters of a mixed economy and so-called "doctrinaire socialists."

In return for a 10 per cent. devaluation of the kwacha, reduced internal government borrowing, a further reduction of the budget deficit in 1979, cuts in government subsidies, and a prices and incomes policy, the IMF will provide $390m. credit and reschedule an earlier $46.6m. IMF facility.

Repayment is over three years after two years' grace, at interest rates between 4.2 and 4.7 per cent., with provision for rescheduling — an acknowledgement of Zambia's vulnerability to fluctuations in the price of copper, which provides 95 per cent. of foreign exchange earnings.

The task of monitoring the country's economic performance under the programme will be performed by a committee led by the Bank of Zambia governor, Mr. Luke Mwananshiku. Although Special Drawing Rights 99m. will be immediately available once the agreement has been ratified by the IMF board, the bulk of the remaining SDRs 216m. will follow at quarterly intervals—dependent on Zambia fulfilling the programme's conditions.

The credit is desperately needed. Arrears on payments for imports and remittance of profits and dividends are around Kwacha450m. (around £300m.) and foreign reserves are exhausted. The two 51 per cent. state-owned copper companies, Roan Consolidated Mines (RCM) and Nchanga Consolidated Copper Mines (NCCM) have been forced by the slump in prices into 176m. Kwacha short-term borrowing from the Bank of Zambia, helping to push internal government borrowing as a percentage of revenue to over 30 per cent. (now to be reduced to about 20 per cent.)

Overseas suppliers, some of whom have been waiting over 12 months for payment, have been threatening to end shipments and manufacturers stocks have reached critically low levels. Indeed, earlier this month Mr. Mwanakatwe himself warned parliament that without international aid the country faced economic collapse.

The IMF aid package will hopefully halt the steady declie of the Zambian economy. The international credits are urgently needed to meet overseas debts.

Over the past few months there have been increasing signs of economic malaise, including shortages of various commodities factories on short time working, and workers layed off.

In January the toughest budget since independence in 1964 was introduced. Cuts to recurrent and capital expenditure, reductions of food subsidies, increased taxes on petrol, beer and other items, and a freeze of the level of government employment all undoubtedly paved the way to IMF aid.

However, the IMF expects more to be done. The full terms are not available, but the minister's outline is sufficient to cause misgivings in business circles.

Most observers believe that the budget deficit—K90m. this year, K152m. in 1977—can only be reduced if military spending is curtailed.

As it is, spending on the social services is falling behind the needs of existing facilities and failing to keep up with the demands for new ones. Thus in education the bottleneck between the seven-year primary schools and the four-year secondary schools has forced this year alone some 100,000 ill-equipped youngsters on to the labour market in which there are already an estimated 180,000 seeking work.

Secondly, mining sources doubt whether combined RCM and NCCM borrowing can be reduced from the existing K176m. to the proposed ceiling of K120m. unless there are the substantial lay-offs which Government wants to avoid.

They acknowledge that the 10 per cent. devaluation will improve the companies kwacha liquidity—but it will also boost import costs. Meanwhile, Zambia, together with Peru and Zaire, is committed to a 15 per cent. cut of production—reason in itself for lay-offs, it is argued.

The other key sector is agriculture. One of the IMF conditions is government's pledge to "improve rural project identification and implementation"—a polite way of admitting that agricultural performance in the past has been disappointing. Yet a shortage of skilled advisers, an inadequate infrastructure, and poor marketing and administration are serious obstacles to the goal of self-sufficiency in food and increased agricultural exports.

A host of other questions will be raised in the months ahead. Do the state-owned companies, now expected to operate more efficiently, have sufficient numbers in their management capable of carrying out the reforms?

Can the government maintain a wage freeze in the face of inflation of over 20 per cent. and complaints from trade unions? Can the mining companies stem the outflow of the 4,000 expatriate workers, already at least 500 below establishment, in the face of shortages, increased crime on the copperbelt and now, as a result of devaluation, a 10 per cent. drop of the value of their monthly remittances?

A further complication is whether the critical congestion of Zambian imports at the Tanzanian port of Dar es Salaam, which now handles 90 per cent. of Zambia's trade, can be cleared.

Finally, the Government must resolve internal differences. In what is seen as one of the most important contributions in recent years to the economic debate, a parliamentary select committee—chaired by Mr. Mwanakatwe and including the Ministers of Agriculture and Industry—proposed a series of far-reaching economic reforms, unanimously adopted by Parliament.

They included pruning of the top-heavy party and Government structure, described as "a serious constraint to efficiency," direct contributions by users to costs of health and education, and hints that defence spending should be reduced. Other recommendations, such as cutting subsidies, have since been adopted.

But President Kaunda has made a sharp attack on the criticism of the administrative structure and implicitly rejected proposals on health and education.

All in all, the Zambian Government still has a long way to go before the economic crisis is resolved.

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AMERICAN NEWS

Senate agrees to higher subsidies for farmers

BY JUREK MARTIN

WASHINGTON, March 22.

'HE SENATE last night passed n emergency Farm Aid Bill nat would appear to have signicant inflationary consequences or the economy.

The Carter Administration is oping that the measure will be ppreciably diluted in the House f Representatives in the weeks head. But the intense poli-icisation of the issue may make difficult for the Government o make an effective case.

The Bill passed last night ould increase subsidies and rice support loans on grains nd cotton. It would cost the onsumer, according to widely iffering estimates, anything be-ween $2-6bn. over the coming ear in higher food prices.

The two key amendments in-orporated into the Bill were roposed by Senator Talmadge, he Democrat from Georgia, and enator Dole, the Kansas Repub-ican. Under the former, the overnment would pay farmers 75 an acre for land they do not ultivate, in addition to the set-aside" acreage laid down n earlier Administration directives.

The Dole amendment would introduce what the Senator described as "flexible party" under a formula that would raise Government price supports in proportion to the land a farmer takes out of cultivation.

Another amendment, proposed by Senator George McGovern, would appear to work at cross-purposes with Senator Talmadge's idea since it would raise price supports in cases where farmers produce more. But its effect would appear to be equally inflationary.

Senator Muskie, the Maine Democrat and opponent of the measure, quoted statistics provided by the Congressional Budget Office that demonstrated the three amendments, if all passed into law, would add 1 percentage point to the consumer price index, which is going up by about 7 per cent. a year already.

The politics surrounding the issue have been labyrinthine. Yesterday's debate took place under the eye of public galleries packed with farmers who have been on strike recently to support their argument for higher farm prices.

Senator Dole, President Ford's running mate in 1976, is generally thought to be interested in the Republican Party's nomination for the 1980 Presidential election and was clearly seeking to consolidate his farm-belt constituency.

But the Administration has hardly been apolitical in its approach to the emergency Farm Aid Bill. Last week it pointedly refused to take a public position on the Talmadge amendment at a time when it desperately needed his vote on the Panama Canal Treaty. Senator Talmadge in the end obliged by casting his lot for ratification.

In the background remains the threat of a Presidential veto, but there is a clear unwillingness to do this as far as the Talmadge proposal is concerned while the outcome remains in doubt over the Second Canal Treaty.

Food costs have been a significant element in the recent inflationary surge. At least one senior Administration official, Mr. Barry Bosworth, of the Council on Wage and Price Stability, has semi-publicly spoken of the need to hold the line—against political pressure—on farm prices. But with mid-term elections looming, that may be no easy task.

Turnouts in Illinois polls low

By John Leech

CHICAGO, March 22.

TURNOUT in the Illinois party primary elections yesterday was the lowest for any election in the state in the last 50 years.

The state's primaries are among the first in a non-presidential election year, and with the key position of Chicago mayor not in contest because of changes in the mayoral term of office following the death of Mr. Richard Daley, voter interest never got off the ground.

The two major offices which are up for election in November are Republican Mr. Charles Percy's Senate seat, and the Governorship, held by Mr. James Thompson, also a Republican.

Both won their party's approval with ease. Governor Thompson was unopposed and can also expect an easy victory in the election in November. Mr. Thompson is known to have presidential aspirations.

Senator Percy took 84 per cent. of the Republican votes in the primary and in November he will face a downstate lawyer, Mr. Alex Seith, the official Democrat candidate, against whom he is expected to have no difficulty.

In a total turnout of less than 29 per cent., three to four times as many Democrats as Republicans went to the polls.

Tougher U.K. line on Falklands

BY HUGH O'SHAUGHNESSY

BRITAIN is taking an increasingly firm line on the claim of the Argentine military junta to sovereignty over the Falkland Islands and its dependencies in the South-West Atlantic in the light of the lack of progress in bilateral exchanges

It is not expected that there will be any more meetings of officials before another round of talks at ministerial level takes place in the next three months. Meetings of officials in Lima, the capital of Peru, last month are understood to have been of very limited usefulness and no substantial progress was achieved.

At the same time there is increasing appreciation in Whitehall and Westminster of the potential of the Islands. The British side continues to favour the signature of economic co-operation agreements under which both countries, setting aside for the interim the question of sovereignty, contribute towards the exploitation of the resources of the territories and their surrounding waters. In this context a recent agreement between Argentina and West Germany on joint exploitation of the fisheries in Argentine waters is seen in London as the sort of arrangement which could be worked out between London and Buenos Aires.

The exploitation of the potentially huge oil reserves under the waters between the Falklands and Argentine Patagonia could, it is argued in Government circles, be extremely profitable for Argentina and Britain, perhaps in the context of an agreement between the British National Oil Corporation and YPF, the Argentine state oil concern.

Failing any arrangement of this sort there is a growing realisation, particularly in the Energy Ministry, that Britain need not give up the archipelago at a time when the discovery of oil, its strategic importance in the South Atlantic and its usefulness as a gateway to the exploitation of the Antarctic make the territory increasingly important.

"Headlines in the popular Press about a British sell-out of the Islands could not be wider of the mark," one Whitehall commentator said this week. The political effect in Britain of any Argentine take-over of the 2,000 inhabitants of the Islands is also being weighed by Ministers. "Any evacuation of the Falklanders from homes their families have been occupying for a century and a half would go down badly with British public opinion," one leading member of the Labour Party remarked. This view is widely shared on Conservative benches.

Kennedy likely to chair Congressional panel

BY OUR OWN CORRESPONDENT

WASHINGTON, March 22.

SENATOR JAMES EASTLAND, the venerable Mississippi Democrat, announced this morning that he will retire from Congress when his term expires at the end of this year.

This would clear the way for the elevation to the influential chairmanship of the Senate Judiciary Committee of Senator Edward Kennedy, the Massachussetts Democrat, whose political philosophy is far more liberal than that of the arch-conservative Mr. Eastland.

At the same time, in another development that could influence the composition of Congress next year, an all-out attempt by the so-called "new right" to exercise its political muscle was rebuffed when Congressman John Anderson, the third ranking Republican in the House and a prominent moderate, comfortably won a primary election in Illinois against a right-wing opponent.

Senator Eastland is one of the last of the great southern committee chairmen. His departure would leave only Senators Long of Finance and Stennis of Armed Services (from Louisiana and Mississippi respectively) ruling their Congressional fiefdoms as in times past — though the latter is nothing like as effective as he was.

Mr. Eastland was facing what was considered his hardest re-election battle in 24 years, though it was thought that he would emerge triumphant in the end. His reputation stood most on his determined opposition to civil rights legislation in the 1950s and 1960s and he was generally recognised as one of the last great bastions of southern conservatism (though, in fairness, he both made his peace with, and campaigned for, that symbol of the progressive "New South," Jimmy Carter in 1976).

Senator Kennedy, his almost certain successor as Judiciary Committee chairman, is cut from an entirely different cloth. The traditionally conservative committee has invariably been protective of business interests, but Senator Kennedy is known to favour aggressive pursuit of the anti-trust laws.

Any number of the once-young breed of Senate liberals who made their mark a decade ago are now rising to the top of the Senate hierarchy. The retirement of Senator John Sparkman from Alabama will presumably put Senator Frank Church in place as next chairman of Foreign Relations—with Senator George McGovern, the failed Presidential candidate of 1972, ranking just below him.

Coalminers may approve new contract proposals

BY JOHN WYLES

NEW YORK, March 22.

SAMPLES OF coalfield opinion ndicate the U.S. miners may ote by only a slender majority n favour of ending their three-nd-a-half month strike on Friday.

Moreover, the signs are that a eturn to work will be a result nore of strike weariness than of welcoming embrace of the third et of contract proposals to be negotiated since early February. n essence, a vote for this last ontract package will be because t contains fewer clauses which re disliked by the miners

The tentative contract was ndorsed by the United Mine-vorkers rank-and-file Bargaining Council last week, but only with slim 22-17 majority.

Local leaders are clearly exer-ising caution but most have ound that the new terms have un into less criticism at coalfield neetings over the past few days than the previous proposals. Despite a 30.7 per cent. wage increase spread over three years, miners in the militant areas of Kentucky and West Virginia have generally been expressing disillusion that their union negotiators have failed to make advances on the 1974 contract and have instead made certain concessions which chip away at jealously protected "basic rights."

If this contract is accepted miners will have to pay the first $200 of their medical costs. This is $500 less than in the proposals previously rejected but is nonetheless a breach of the principle of free health and welfare for miners. In addition, a $50 a month increase in the pension payments to miners who retired before 1975 falls short of the rank-and-file demand for equal payments for all pensioners.

However, this contract has a much greater chance of acceptance than its predecessor's because the Bituminous Coal Operators Association, which represents 130 coal companies, bowed to the inevitable and finally dropped their demands for disciplinary procedures against unofficial strikers. The coal companies are deeply unhappy at their failure to secure any provision to curb the rising tide of unofficial strikes but their demand for penalty clauses against strike leaders was seen as a strike at the very heart of miners' solidarity.

Friday's vote is a last chance to retain the current system of national bargaining since rejection of the current proposals would inevitably lead to an attempt to secure a company-by-company solution.

ARGENTINA'S RULING JUNTA

Changes imminent

BY ROBERT LINDLEY IN BUENOS AIRES

CHANGES ARE imminent in the Argentine power structure on the eve of the anniversary of the coup d'etat which easily and almost bloodlessly toppled the corrupt and floundering Government of President Isabelita Peron, widow of "El Lider" Juan Peron on March 24, 1976. The armed forces are still firmly in power and are likely to remain o for the foreseeable future. But before the year is out, the two most important of the three members of the military Junta will be replaced.

The number two man in the Junta, Admiral Emilio Massera, Commander-in-Chief of the navy, confirmed reports of his own departure when he spoke early his month at the ceremony marking the 121st anniversary of he death of Admiral Guillermo Brown, the Irish-born founder of he Argentine navy. "To-day . . I am here for the last time is Commander-in-Chief of our navy to commemorate the death of Brown," said the Admiral, whose dark good looks and undisputed charisma make him the only glamorous figure in the Junta. It is reliably reported hat Admiral Massera, who has been navy Commander-in-Chief or four years and three months, will in fact leave the Junta and oon go on the retired list, in August or September.

The next to leave the Junta nd go on the retired list will be Lieutenant-General Jorge Rafael Videla, army Commander-in-Chief and President of the Republic. Gen. Videla's apparent calmness despite pressure from human rights activists at home nd abroad, from Argentines eeling the crunch of the cost of iving, and, not least of all, from Admiral Massera, has made it ossible for the Junta to present he semblance of a common front or two years now. It is for this eason surely that Gen. Videla will not lose his place at the top f the power structure but will tay on as President, probably o be replaced in the Junta as rmy Commander-in-Chief by Major-General Roberto Viola, considered to be a faithful Videla protege. Gen. Viola is now army Chief of Staff.

A week ago the army command said in a communique hat "it is risky to anticipate ates and designations which re the province of the military Junta." The day before, the Buenos Aires daily La Opinion reported that Gen. Videla would eave the Junta to remain as President only on October 1. The army command's qualified denial of the report notwithstanding, the Financial Times has learned that the Junta will elect" Gen. Videla President and give him the right to be elected again—for a four-year erm, probably in October but ertainly before the end of this ear.

Gen. Videla is then to become the "fourth man," a post whose creation has been so much insisted upon by Admiral Massera —his logic being that one man cannot adequately discharge the duties of both the army Commander-in-Chief and the President, as Gen. Videla has been trying to do. It is deemed significant that Gen. Videla will not leave the Junta until after Admiral Massera leaves the Junta and goes on to the retired list. The Admiral, in his criticism of the astringent policies of Sr. Jose Alfredo Martinez de Hoz, Gen. Videla's hand-picked Economy Minister, has been a perturbing element in the three-man Junta.

There was something of a showdown between Gen. Videla and Admiral Massera as the result of a declaration on February 22 by the Admiral on Argentina's Beagle Channel border dispute with Chile. Admiral Massera said: "The time for words is running out." Only two days before, Gen. Videla, as President, had signed with Chilean President Augusto Pinochet a joint document which could have defused the potentially explosive Beagle Channel dispute. Gen. Videla and all the other army generals on active duty agreed that the Admiral's declaration, and others in a similar vein were jeopardising the future negotiations with Chile and should be stopped.

The army appears to be the central force in the formation of the future power structure. The Argentine navy and air force combined would be only a minor force in a confrontation with the army, which is united behind General Videla. Moreover, the air force under Brigadier General Orlando Agosti, its commander-in-chief and the other member of the Junta, is inclined to support the army.

Another consideration two years after the military takeover is that neither of the two major political parties—the Peronists and the Radicals—is clamouring for elections. There seems to be a tacit agreement that the war against the guerillas, now almost totally decimated, was too recent and too bloody for a return to constitutional government. "The army," an astute observer of the scene here said, "is the only political party in Argentina to-day." Sra. Nelida Demarco, "delegate" of Isabelita Peron—under arrest, on charges of fraud and corruption, in a naval arsenal in the centre of Buenos Aires province—reports that this former cabaret dancer who is the nominal head of the Peronist movement is writing poetry at the chalet where she has been lodged since October 1976. Isabelita's poems are dedicated to her late husband and to the birds which visit the grounds of the chalet.

WORLD TRADE NEWS

Ministry guidance to curb yen value of Japan's exports

BY CHARLES SMITH TOKYO, March 22.

THE MINISTRY of International Trade and Industry will use "administrative guidance" to ensure that the yen value of Japan's exports in fiscal year 1978 (starting on April 1) does not exceed that of fiscal 1977, a MITI official told the Financial Times to-day.

MITI, however, takes no responsibility for regulating the dollar value of Japan's exports in the coming year. That depends on the rate at which the yen continues to appreciate against the dollar.

The ministry says that in the first 11 months of the current fiscal year, up to February, Japan's exports grew 5.7 per cent. in terms of yen whereas the growth in terms of dollars was 19.6 per cent.

The administrative guidance referred to by MITI consists of more-or-less informal directives to specific Japanese industries to restrain exports globally or in individual markets. Guidance to the motor industry to hold its shipments to the U.K. during 1978 at last year's levels is one example. Other instances cover steel exports to Europe and the United States, colour TV exports to the U.S. and several other markets, including Britain, and global exports of ships.

MITI says guidance is being given to industries that account for two fifths of Japanese exports. It expects their continual guidance will freeze the yen value of exports during the coming year.

MITI supports guidance as an alternative to statutory controls on exports which are legally possible in Japan but which it strongly opposes. MITI has the power to invoke an export control ordinance compelling private industry to hold back shipments.

It used its powers in 1972 when Japan was attempting to prevent a second yen revaluation after the Smithsonian settlement of December 1971.

Some members of the Japanese Government have supported statutory controls in the past few days but MITI maintains that informal guidance (which can be backed by sanctions) will be enough.

MITI's willingness to make a public commitment on export restraint is a sign of the extreme anxiety felt in the Government about the new upsurge in the yen exchange rate and the apparently uncontrollable growth of the trade and current account surpluses.

The Government seems to have been confident that it could hold the yen rate at 240 to the dollar during the first quarter of 1978 but has had to watch it rise to as high as 230 to the dollar on the Tokyo foreign exchange market.

The current account surplus for fiscal 1977 (which closes this month) is now certain to exceed $13bn.—$3bn. more than the latest official estimate. Japan has committed itself (in the Strauss-Ushiba communiqué published last January) to reducing the current account surplus to $6bn. in the fiscal year starting next month, but on recent performance that has appeared completely unattainable. During the first two months of 1978 the surplus was running at more than $20bn. a year, seasonally adjusted.

The Economic Planning Agency, responsible for drawing up the Government's economic projections, says the surplus has exceeded expectations early in 1978.

The two main industries are cited as chemicals and artificial fibres (both of which have been facing even larger losses in the Japanese home market than abroad). The EPA also says the yen's extra ten-point rise against the dollar during the first three months of 1978 has produced a short-term increase in dollar inflow (that is, a given amount of yen exports has earned proportionately more in dollars).

EEC talks on surplus extended

TOKYO, March 22.

TRADE TALKS betwen Japan and the EEC were extended to-night after what had been scheduled as a "final" meeting between the two leaders of the delegations ended this afternoon without agreement.

The meeting, between Mr. Wilhelm Haferkamp, EEC Commissioner for External Relations, and Mr. Nobuhiko Ushiba, Jajan's Minister for External Economic Relations, had been intended to complete a joint communique on bilateral trade relations.

Japan and the EEC, however, seem to have retained wide differences on basic issues throughout the talks.

The EEC has been demanding that Japan agree to start reducing its trade surplus with the Community (estimated at $6.2bn. in 1977) by the second quarter of Japan's new fiscal year (between July and September 1978). It also wants Japan to speed up tariff-cutting timetables it has proposed at the GATT talks in Geneva and is asking for a commitment that Japan will buy a "substantial number" of European aircraft.

Japan has shown deep reluctance to meet the demands in anything like the form put by the EEC. It has offered other concessions including tariff cuts on confectionery and in regard to its foreign aid.

Concessions like these are far from worthless if confirmed when the talks end. They would fall far short, however, of the far-reaching commitment to reduce or remove the trade imbalance, for which the EEC was hoping.

The EEC plan has been that a joint communique incorporating Japanese promises should be "referred" to the meeting of nine heads of government in Copenhagen on April 7. If there is no communique it will be up to the heads of government to decide what, if any, unilateral action should be taken by Europe to adjust the trade surplus.

EEC officials in Tokyo have been hinting that such measures might be tough. Japan, however, may be counting on the well-known lack of unity within the EEC on external trade

Russia plans talks on U.K. car deals

PROSPECTS for future British-Soviet trade appear to have improved considerably following talks which Mr. Jermen Gvishiani, Deputy Chairman of the State Committee for Science and Technology, described as "very businesslike" with the CBI and leading British companies at Wilton Park and in London over the past week.

At a press conference at the Russian Embassy Mr. Gvishiani, who led a high level delegation which included Mr. Vladimir Sushkov, the Deputy Minister of Foreign Trade, said that the Soviet Union was now looking for further co-operation in the automobile and oil and gas exploration field. He also expressed interest in consumer goods and in developing trade with small and medium sized companies which could be expected to find new opportunities through participation in various forms of compensation agreements.

The Soviet Union, he said, was now involved in working out the next five year plan in which development of the automobile industry and oil, gas and other natural resources in Siberia would play a major role.

Mr. Gvishiani said that the Soviet Union was now negotiating with Fiat to raise output at the Togliatti plant from the present 700,000 cars annually (somewhat higher than the planned 660,000 capacity) to around 1m. The additional capacity would produce a new mini-car.

But the Soviet Union is also planning a replacement for the Moskvitch range of cars and in this connection plans talks with Ford, Vauxhall and Leyland in this country as well as French, West German and American firms. Japanese car firms were not involved in these talks, he added.

Co-operation in the exploitation of Soviet oil and gas is another major field which British companies like Shell and BP have long demonstrated an interest and Mr. Gvishiani said that "the moment has now come to start negotiating this in specific terms."

Here again, he made it clear that talks were also taking place with Japanese and American companies. He estimated that by 1980 the Tyumen oil fields in Siberia would be producing 400m. tons annually.

Major new developments in the Berents Sea and extensive off-shore developments were also planned. The sheer size and problems attached to such development explained the time taken up to now in deciding the order of priorities but he indicated that the question of British participation in oil and gas developments had come up several times during the talks.

These talks also ranged over wider aspects of the energy question and Mr. Gvishiani said he was satisfied with British-Soviet co-operation in the nuclear field and was interested in further co-operation in non-conventional energy sources.

The Soviet side at these talks clearly spent considerable time in explaining away what it sees as considerable misunderstanding among British businessmen as to what was meant by compensation agreements. Mr. Gvishiani made it clear that the Soviet Union did not expect straight product buy-back arrangements as the necessary condition of sales to the Soviet Union, except where these were appropriate.

What it had in mind was flexible arrangements like co-production agreements, the exchange of parts and co-operation deals in third countries. A hypothetical example of such longer-term co-operation would be joint production of cars which could increase work in British car plants while helping development of the Soviet industry.

Pakistan accord signed

By Our Moscow Correspondent

MOSCOW, March 22.

THE SOVIET Union and Pakistan have agreed to increase the volume of their bilateral trade by 50 per cent. this year compared with 1977, according to a trade protocol and documents signed this week in Moscow, the Soviet news agency Tass reports.

The Soviet Union will export machinery, equipment, fertilisers, television sets and other items to Pakistan and will import cotton fabrics, garments, carpets, footwear, and medical instruments.

Trade between the two countries totalled Roubles 58.6m. (£43m.) in 1976 with a balance of Roubles 27.4m. (£20m.) in the Soviet Union's favour.

Mr. Muhtar Masoud, the secretary of Pakistan's Ministry of Commerce, stressed the importance of deliveries of Soviet farm machinery for the Pakistan economy

Deal near on Siberia gas

BY DAVID SATTER MOSCOW, March 22.

A U.S.-JAPANESE consortium is moving toward agreement with the Soviet Union on the technical feasibility of a multi-billion dollar co-operative effort to exploit the South Yakutia natural gas reserves in Eastern Siberia.

U.S. sources said that Occidental Engineering and the Tokyo Gas Company are now convinced that the south Yakutia reserves total at least 1,000bn. cubic metres, although only 70 to 80 per cent. of this has been confirmed.

Final confirmation of the size of the gas reserves, which the Soviets have estimated may total 1,200bn. cubic metres must await further exploration with seismic equipment purchased from the U.S. and Japan.

But after five days of concentrated discussions with Soviet officials last week in Moscow, the companies involved are now said to be sufficiently confident of the project's technical feasibility to go on to the next phase which is working out definitive cost estimates.

As envisaged, the project would involve the use of U.S. and Japanese technology in the exploitation of south Yakutia natural gas, the construction of a 2,000-mile gas pipeline from the gas fields to the settlement of Olga on the Pacific coast near the port of Nakhodka and construction of a gas liquefication plant.

Estimates have placed the cost of the project at over $10bn. with payment to the U.S. and Japan in natural gas at a rate of 10bn. cubic metres a year for 25 years.

Because of the size and complexity of the project, negotiating progress has been slow.

In all, the project has been under consideration for five years and it is unlikely that the first purchases will take place before 1981 with the project not expected to go into operation before 1985.

Gothenburg dock order

STOCKHOLM, March 22.

THE ARENDAL shipyard in Gothenburg, which forms part of the state shipbuilding company, Svenska Varv, has won an order from the Soviet Union for the largest floating dock built.

The order, worth Kr.250-300m. ($55-65m.), will provide 800 men with work for a year and should secure employment at the hard-pressed yard until Autumn, 1979.

The dock, scheduled for delivery in summer, 1979, will be 330 metres long, 88 metres broad and 30 metres high. It will have a lifting capacity of 80,000 tonnes and be able to take vessels of up to 600,000 tonnes. It is to be towed to "northern Russia."

It includes several novelties in construction. It will be self-supporting and capable of operating without land connections for long periods.

India looks likely to avoid deficit for the second year

BY CHRIS SHERWELL NEW DELHI, March 22.

INDIA SEEMS well placed to avoid for the second successive year a substantial foreign trade deficit. Provisional figures released to-day by the Ministry of Commerce show that between April and December 1977, the first nine months of the current financial year, exports rose 8.7 per cent. in value to Rs.39.5bn. (£2.6bn.) compared with the period last year.

Imports were 4 per cent. higher at Rs.39.2bn. The ministry warns in its annual report, also published to-day, that that figure will appear bigger after receipt of supplementary returns, particularly for petroleum products. But a recurrence of the deficits of Rs.1.2bn. in 1974-75 and 1975-76 is not apparently anticipated, and 1976-77 is regarded as a turning point in India's foreign trade.

If final figures bear that out, part of the explanation will lie with government policy regulating the export of such essential mass consumption items as sugar, rice, oil/oilseeds, fresh vegetables and cement to give priority to domestic needs.

At the same time exports have risen of such items as tea, coffee, spices, cashew kernel, carpets and precious and semi-precious stones, all of which have shown increases in value of upwards of 40 per cent. over the first-nine months of the year.

According to the annual report the massive increase in exports of engineering goods in 1976-77, part of the Government's drive to shift the country's export mix towards what it calls "dynamic exports," has also continued. The rise over the first nine months has been some 18 per cent. on the period last year, but the target of Rs6.5bn. is unlikely to be met. Exports of iron and steel declined by about 27 per cent. in the first half, however.

On imports, where improved domestic production last year of food grains, fertilisers and iron and steel helped to offset increases in edible oil and cotton and synthetic fibre imports, the trend has persisted into the first half of this year.

$65m. contract won by Sweden

BY JOHN WALKER STOCKHOLM, March 22.

ASEA, the Swedish heavy electrical engineering group, has been awarded a contract for the supply of three 400 kV substations in Iran. The value of the contract is stated to be about Kr.300m. ($65m.).

The substations are to be installed in the Bushehr nuclear power transmission project by the Iran Power Generation and Transmission Company.

The contract covers the complete turnkey delivery of the 400 kV substations and the civil works. These substations will enable the power generated at the Bushehr nuclear power plant to be fed into and distributed by Iran's 400 kV and 230 kV transmission systems.

$40m. Saudi deal

THE Spanish State holding company INI said it had signed a $40m. contract with Saudi Arabia for the construction of electrical installations in eight Saudi Arabian towns. It was the first major contract to be signed between Spanish business and Saudi Government and INI said a large number of Spanish electrical manufacturers would benefit from it.
Reuter

France's arms sales up by half

By David White

PARIS, March 22.

FRENCH ARMS exports, led by the Mirage jet fighter, increased by almost half last year to Frs.27bn. (about $5.8bn.), according to figures just published. That equates to half the cost of France's oil imports.

Military aircraft, helicopters and missiles account for about two-thirds of the total, which soared from Frs.18.3bn. in 1976 and Frs.10.6bn. the year before.

Heading the arms exporters is the Dassault-Bréguet aircraft company, which reported export orders worth Frs.8.2bn. ($1.75bn.) last year.

A lull in military orders at the beginning of the year gave way in the summer to a flurry of big aircraft deals. Dassault-Bréguet landed an order for 36 Mirage F1s for the Iraqi air force, then from Ecuador for 18 Mirage F1s, then from Sudan for 14 Mirage IIIs.

Dassault's sales also included the Alpha Jet, made in co-operation with West German companies.

The prospect is for a further increase in Middle East orders after the signing last week of a co-operation and arms production pact between France and the Arab Industries Organisation, which groups Egypt, Saudi Arabia, the United Arab Emirates and Qatar.

The French are competing with Britain for a trainer-ground attack aircraft deal with the organisation, which made a similar agreement with Britain late last year. The contest is between the Alpha-Jet and the British Hawk.

Elsewhere, France is certain of important orders. The Thomson-CSF group has clinched a deal worth Frs.1.2bn. to supply radar and electronic equipment to the air forces of Saudi Arabia and other Arab countries. The deal, which involves a consortium of French companies, includes air-tracking and telecommunications equipment.

France has also increased sales of ground-to-air missiles to Arab countries.

Ship price surprise

Two new 60,000-tonne bulk carriers were sold by auction for Kr.128m. ($27.8m.) in the south Swedish port of Malmo yesterday, our Stockholm correspondent writes. They cost around Kr.90m. ($19.2m.) each when delivered by Japanese yards last year. The prices were higher than anticipated in shipbroking circles, where the auction had attracted special interest.

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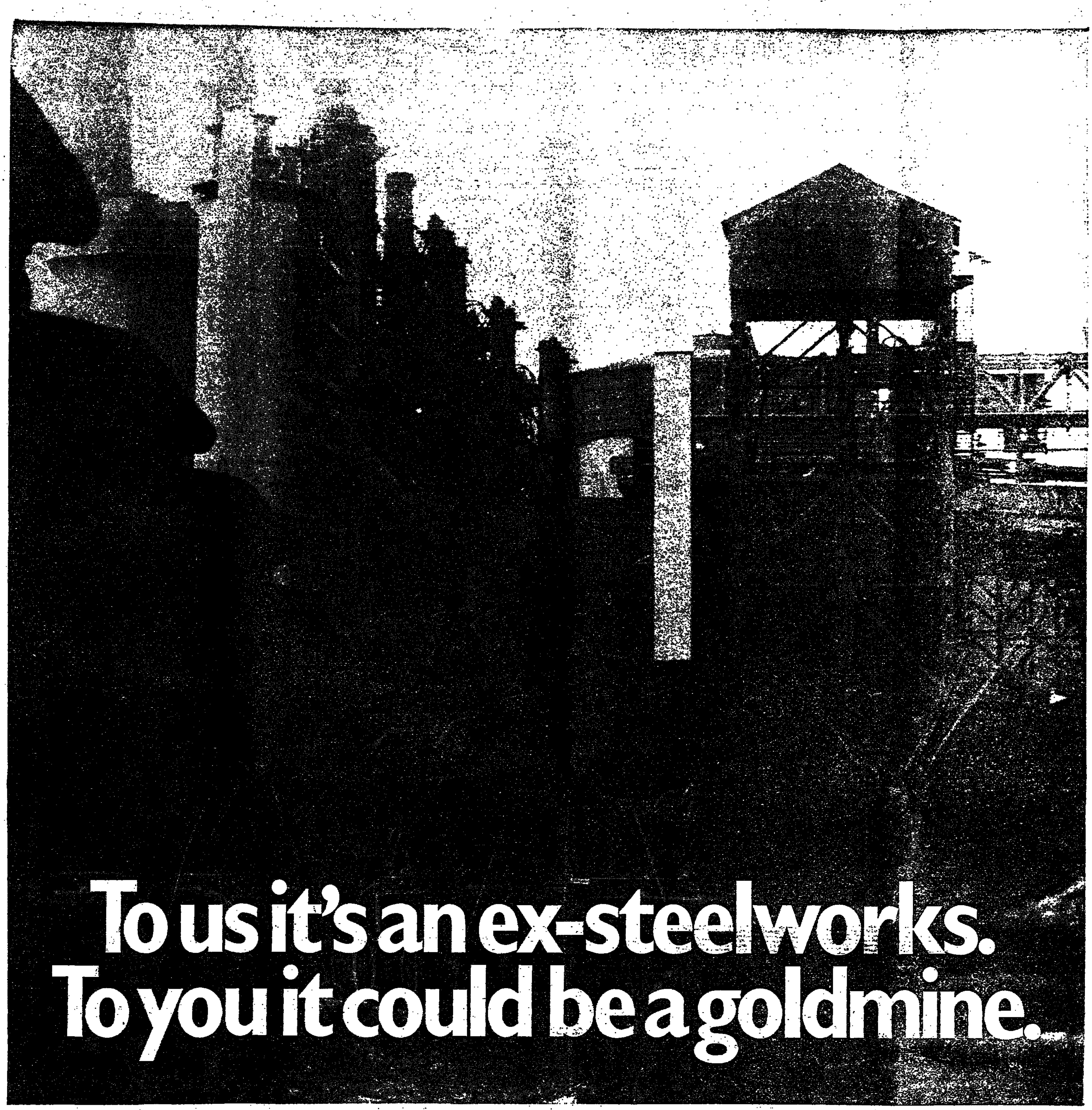

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Plan for agency to boost workers co-ops

By John Elliott, Industrial Editor

A STATE-FUNDED agency to boost development of worker co-operatives in industry is to be set up by the autumn if legislation introduced this week into Parliament is enacted in time.

The organisation to be called the Co-operative Development Agency, will receive from the Government up to £1.5m. over a period of three or more years to cover administrative expenses. It will not have any funds of its own with which to back co-operatives.

Its main purpose, in addition to operating as a research and information centre for the co-operative movement, will be to act as a clearing house and advice bureau for worker co-operatives.

It will advise co-operatives on the viability of projected developments and will assess schemes for Government departments.

It is intended that the agency will be headed by a part-time chairman and a full-time chief executive who will have about 20 staff, probably based in London.

Proposals for the agency were contained in a White Paper published by the Department of Industry last October. They immediately received public backing from Mr. James Callaghan, the Prime Minister, who promised to try to find time for legislation.

The Co-operative Development Agency Bill was introduced into the Commons earlier this week and is expected to receive a second reading soon after the Easter recess.

Launching the Bill yesterday, Mr. Alan Williams, the Department of Industry Minister of State responsible for the project, indicated that the Government hopes that Bill will complete its Parliamentary stages during the summer. Appointments will then be made so that it can start work in autumn.

Mr. Williams said that he hoped the agency would help to focus the growing interest in the development of worker co-operatives and would help to correct some of the bad publicity which the cooperative movement had received from the failure of some recent ventures.

Food sector capital spending up 20%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CAPITAL SPENDING increased by more than 20 per cent. in real terms last year in the food, drink and tobacco and non-ferrous metals sectors.

This is shown by the revised estimates for capital expenditure and stock levels during 1977 published yesterday by the Department of Industry.

These estimates confirm the general size of change already announced, although there are differences of detail. Revisions to the 1976 figures mean that the volume of investment by manufacturing companies is now projected to have risen by 8 per cent. last year compared with 1976, to £1.76bn. at 1970 prices, compared with the 6 per cent. increase originally estimated.

Spending on new building work and on plant and machinery each increased by 7 per cent. in real terms and vehicles by 22 per cent.

There were wide differences in the performance of individual sectors. Apart from the increases in investment of more than 20 per cent., for food, non-ferrous metals and residual manufacturing, there were above average rises in chemicals, engineering, shipbuilding and metal goods, paper, printing and publishing and vehicles.

In contrast, there was a decline of 25 per cent. in the real volume of spending last year in the iron and steel industry and, excluding this sector, manufacturing investment in 1977 was 14 per cent. higher than in 1976.

The recovery gathered momentum during the course of the year and a further substantial rise—about a tenth on many forecasts—is generally projected for 1978. But spending is likely to be mainly of a replacement type and still will leave total capital investment well below the 1970 peak in real terms.

Investment by the distributive and service industries is estimated to have increased by about 9 per cent. last year to £2.07bn. at 1970 prices. This takes account of improved price indicies for new building work.

Spending by retailers increased by 9 per cent. last year and the expenditure estimated for wholesalers rose by about 6 per cent.

Revised figures for the level of physical stocks held by manufacturers, and distributors indicates a decline of £68m., at 1970 prices, in the fourth quarter. This is larger than provisionally estimated, and of about the same size as in the third quarter.

But the drop in the second half of the year was insufficient to offset the earlier partly involuntary stockbuilding and during the year as a whole industry's stocks rose by £338m.

The revised figures show that the level of physical stocks held by manufacturers fell by £40m., at 1970 prices, in the fourth quarter, compared with a provisional estimate of a decline of £21m. for the period.

This change reflects mainly a downward revision for stocks of finished goods, which are estimated to have fallen by £50m., which suggests that companies were meeting the initial pick-up in consumer demand towards the end of last year, from stocks rather than by boosting output.

However, this process could have finished now and a more encouraging sign for 1978 is a rise in work in progress of £54m. in the fourth quarter.

CAPITAL SPENDING AND STOCKS
(£m., seasonally adjusted at 1970 prices)

		Fixed Capital Expenditure		Changes in physical stocks		
		Total	Manufctring	Total	Manufctring	Retailers
1976		3,735	1,633	37	5	9
1977		4,076	1,761	338	219	17
1976	1st	908	397	59	0	33
	2nd	895	400	−131	−66	−45
	3rd	976	414	28	−2	16
	4th	955	422	81	73	5
1977	1st	989	418	277	125	102
	2nd	997	433	199	164	−5
	3rd	1,044	456	−70	−31	−44
	4th	1,046	455	−68	−40	−36

Source: Department of Industry.

Engineering exports still dull after December recovery

BY DAVID FREUD

EXPORT ORDERS in the engineering industry made a sharp recovery last December, according to Department of Industry statistics published to-day. However, overall sales and order books remained at a depressed level.

The December increase was the major factor underlying a 6 per cent. improvement in new export orders between the third and fourth quarters, seasonally adjusted.

However, the department stresses that too much should not be read into the improvement. "The increase in the trend may be transient and somewhat over-optimistic."

Overall, sales and orders for the industry presented a fairly stagnant picture. The declining trend in sales continued, with only a slight improvement over the low November figure leaving the fourth quarter 3 per cent. lower than the almost unchanged level in the preceding three quarters.

Low level

The increase in export orders in December was reinforced by a similar improvement in domestic orders. However, this was insufficient to prevent total orders in the final quarter falling 1 per cent. below the level of the previous three months on a seasonally adjusted basis.

At home, orders-on-hand increased by 0.5 per cent. seasonally adjusted between the third and fourth quarters, as the intake of orders exceeded sales, but they remained at a very low level. The department comments: "No sustained improvement in sales can be expected until order books have recovered."

Export order books, after remaining almost unchanged for several months, showed a slight improvement because of the high December intake of orders and were 1.5 per cent. up in the final quarter on the previous three months.

Overall, the inflow of orders in the fourth quarter was a little greater than the volume of sales, leaving the order book 1 per cent. higher than in the previous quarter.

Hattersley satisfied with cuts in tea prices

BY RUPERT CORNWELL, LOBBY STAFF

THE PRICES Secretary is satisfied with the cuts in tea prices implemented by blenders and has dropped plans to bring forward a statutory order in Parliament to enforce still further reductions.

Mr. Roy Hattersley said in a written answer last night that he had been told by Mr. Charles Williams, chairman of the Price Commission, that the latest cuts bring the cost of medium quality tea "down to levels consistent with those recommended by the commission in its report." Officials are anticipating further falls in the retail price.

Mr. Williams said in a letter to the Prices Secretary, that the most popular brands were retailing last week at an average price of 21½p to 22½p a quarter in supermarkets and multiple grocers. In independent retailers the price range was 22p-24½p although in some cases higher prices were operating.

But he adds: "Our belief is that where higher prices prevail the shops are working off stocks purchased before the decline in blenders' selling prices, and we are inclined to believe that average prices may well drop further over the next few weeks as these stocks are worked off."

The commission claims evidence to show that private label blends, for instance, Sainsbury's Red Label at 19½p, were selling well and improving their market share.

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Murdoch seeking bigger premises

BY MAX WILKINSON

NEWS INTERNATIONAL, publishers of the Sun and the News of the World, is planning to spend "tens of millions" of pounds on new premises in London, according to Mr. Rupert Murdoch, chairman.

The group's present building in Bouverie Street, off Fleet Street, is too cramped. The company has bought 24 new printing presses to cope with planned expansion of the Sun's circulation, but as yet can find no space for them.

Mr. Larry Lamb, editorial director, said they had no definite site in mind but there were several possibilities. He said they had almost reached full capacity on their present printing plant.

New printing capacity would almost certainly be needed if News International were to go ahead with its ambitions to start up a new London evening paper to appeal to the lower end of the market.

The expansionist mood of the Sun is matched by that of the proprietor of Express Newspapers, Mr. Victor Matthews. He is also considering the possibility of a new London evening paper. It would aim to fill the gap left when the Associated Newspapers' Evening News moved up-market recently to try to rival the Express's sister paper, the Evening Standard.

Mr. Matthews's main advantage over Mr. Murdoch, is that the Express plant has excess capacity. He also has an established evening newspaper distribution chain for the Standard.

A crucial point for both proprietors will be the attitude of print unions. A new London evening paper would not be likely to be economically viable unless agreement could be reached on manning levels.

January car output declines

By Terry Dodsworth

BRITISH Leyland, Ford and Chrysler produced fewer cars in January than in the same month last year, according to the latest figures from the Society of Motor Manufacturers and Traders.

The Leyland figures, a weekly average output of 14,913 cars plus 2,460 small vans, indicate that the cars company still had some way to go to equal its production early last year. The figures compare with a total output of 16,899 units in the same period last year.

Reports from the company since January suggest that production is still picking up and is now nearing 19,000 a week. Leyland needs to sustain such a figure to put itself into a profit earning position.

Ford's output dropped from 7,846 units a week in January last year to 6,868, and Vauxhall's from 2,179 to 2,151.

Only Chrysler, which is now achieving better production at its Linwood plant in Scotland, raised production, with its weekly average up from 3,478 cars last year to 3,798.

The net result for the month was a drop in the weekly average output from 30,047 cars in January last year to 27,862. In spite of the growth in sales in the month, recorded production was down to 111,449 units from 120,188.

Unit trust industry upset by curb

BY ADRIENNE GLEESON

RELATIONS between the unit trust industry and the Department of Trade took on an icy quality yesterday after the Department's refusal to sanction increases in management charges.

The Unit Trust Association said: "The Department's flat rejection of what the association considered to be an exceptionally strong case will inevitably have an unfortunate effect on the excellent relationship which has existed for many years between the two bodies."

The Department itself was obviously taken aback by the strength of this reaction. A spokesman said yesterday that the association's submission for an increase in charges had been made in private and that the discussions—which have been in progress for about 18 months—had continued in private.

He said the department had decided that there was not sufficient justification for the increases the association was seeking.

At the moment, the management of an authorised unit trust may not charge its unit-holders more than 13¼ per cent. of the value of the fund, spread over 20 years. However, this is split between an initial charge—generally either 3¼ per cent. or 5 per cent.—and an annual charge which, in addition to management expenses, must cover the fees of the trustees and auditors.

The association has been asking that the management charge be fixed at 5 per cent., but that the permitted annual charge be raised to a maximum of ¾ per cent., and that, in addition, trustees' and auditors' fees should be charged against the fund rather than against the managers.

Partly because the value of the funds invested in unit trusts—now about £3.24bn.—has not risen in line with inflation over the past ten years, and partly because the industry is still encumbered with small investors who are extremely expensive to service, very few trusts make money out of the annual charge as it stands at the moment.

Where they do make money is by either launching new funds, with a high initial management charge, or dealing in their own units.

Mr. Edgar Palamountain, chairman of the Unit Trust Association, said yesterday that the Department appeared to think that if members of the association could make money out of such dealings, they did not need increases in charges. This was unsatisfactory for unit-holders, as well as for the management companies, he said.

However, it is believed that the Department of Trade also takes the view that if management companies can afford to pay the commissions that they now offer to financial intermediaries for new business—1¼ per cent. plus, in many cases, another 2 per cent. in "marketing allowance"—then they are in no need of additional income.

The association is to continue fighting for an increase in management charges, although Mr. Palamountain said there was no intention of withdrawing or amending the submissions made so far to the Department of Trade. It might be necessary, he said, to wait until a new Government came into power.

In the meantime, he considered that the Department's rejection of the association's case might prejudice the position of investors, particularly small investors, as managers tried to protect themselves by raising minimum subscriptions or widening their margins.

Managers would probably seek to cut out the "manifestly unprofitable" investor, which Mr. Palamountain defined as the person with a holding of much less than £1,000.

Fourth Brittany ship

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITTANY FERRIES, the roll-on, roll-off company formed five years ago by a group of Breton farmers, is to introduce a fourth ship next month as part of its plan to double cargo volume.

The Norwegian-built 5,500-ton Brittany Prince, which has a capacity of 32 trailers, will serve on the Portsmouth-St. Malo route.

The company expects to move a total of 24,000 trailer or accompanied vehicle units this year, compared with 18,500 last year and 8,000 in its first full year of operation. Its trailer capacity will have been almost doubled between January, 1977, and June, 1978.

Having started out as a freight-only operation for the shipment of Breton cauliflowers and potatoes, Brittany Ferries' business is now 65 per cent. passengers and 35 per cent. freight. The objective, the company says, is to achieve a 50-50 balance.

The company says passenger bookings are 50 per cent. up on the same period last year. It has not so far noticed any fall off in business or spate of cancellations due to the Amoco Cadiz oil spill, although its Roscoff vessel is ploughing through oil on its normal route.

A claim for hull damage from Brittany Ferries will be one of hundreds which Amoco can expect when the final cost of the accident is counted.

More Burton Group closures

BY RHYS DAVID

THE BURTON group is to make another big cut in manufacturing with the closure of its remaining Jackson tailoring operations in the north-east.

About 900 people will be affected by the closure of its offices and last remaining factory in Sunderland and its warehousing at Felling, with the redundancies due to come into effect from August or September.

After this date, Jackson effectively will be merged into the Burton group although it will remain as a name on some shops. Others are being transferred to expanding Burton activities including its new Top Man operation, or closed down.

The closures are being blamed on a loss of more than £1m. incurred by Jackson in the last financial year. In a statement to employees, Mr. Cyril Spencer, group chief executive, said that inspite of strenuous efforts it had become apparent that there was no possibility of the business becoming profitable with its present structure.

Fewer suits

The latest cuts follow Burton's pruning of its operations last year when it shut four factories in the north with a total of more than 2,000 jobs lost, together with 90 shops.

Jackson also has been involved in cuts which reduced labour by about 1,200 with the closure of another Sunderland factory and two Gateshead units.

The Burton and Jackson closures have resulted from the rapid move away from made-to-measure suits in the U.K. market at a time when demand for suits has been falling anyway because of the increased use of casual clothing. An additional problem has been import penetration—up from 7 per cent. in 1971 when 7m. suits were sold to 37 per cent last year out of a total market of 6m. suits.

Burton's strategy has been to switch shops trading under the Burton name over to a mixture of ready-made suits and other garments with made-to-measure playing a much smaller role. It had been hoping its 66 Jackson shops could hold on to a sizeable made-to-measure market.

Shell fires first shot in Easter petrol price-cutting war

BY RAY DAFTER, ENERGY CORRESPONDENT

PETROL prices will be cut by up to 2p a gallon over Easter at many of Britain's 30,000 filling stations.

Shell surprised its competitors by announcing that from to-day, retailers would be given financial help to reduce pump prices at a substantial number of the company's 6,400 sites.

When VAT is included the reduction at the pump will be 2p a gallon. Shell hopes that the move will boost its Easter sales and market shares. The offer lasts until April 3.

Shell said that prices might not alter at sites where dealers already receive substantial discounts—mainly in urban areas where competition has forced down prices, sometimes to around 70p a gallon for four-star petrol.

To-day's move extends price cutting into rural areas.

Most other major oil companies are likely to follow Shell's lead, at least in areas where their garages are in direct competition.

Esso, Shell's closest competitor, decided to support dealers at any of its 6,300 sites which found themselves competing against lower prices.

"We are not committing ourselves to penny-for-penny changes but we will ensure that we remain competitive," Esso said.

British Petroleum and its associated National Benzole company, which have about 5,300 sites between them, are expected to decide on their action to-day. "Obviously, we will take such action as we consider appropriate to allow our dealers to remain competitive," said BP Oil.

Texaco, with around 2,200 stations, said it would review the competitiveness of its sites on an individual basis.

Total (958 sites) will take similar action although most of its stations are in built-up areas.

Mobil (about 1,300 sites) commented: "We are moving immediately to make sure our stations remain competitive."

The Institute of Petroleum says that the average price of four-star petrol in January was 73.6p a gallon. Current prices are thought to have risen a couple of pence but the cost of petrol is still well down on the average of 83p a gallon in June last year.

The Institute says in this month's edition of its magazine, Petroleum Review, that prices, in real terms, can hardly go any lower. Oil companies complain of squeezed margins in the oil products sector.

The new wave of price-cutting was described as "unfortunate" by the Motor Agents Association which warned that motorists would suffer in the long run as a result of closed garages.

More than 1,000 U.K. sites stopped selling petrol last year and the Institute has predicted a similar number of closures this year.

Diamond brooch pendant fetches £32,000

SALEROOM

BY ANTONY THORNCROFT

A BROOCH pendant, composed of a large cushion-shaped diamond weighing 21.26 carats, realised £32,000 yesterday in a sale of fine jewels at Christie's. It was bought anonymously in a sale which totalled £183,335.

Mrs. Anne Bloom, the Grosvenor Street dealer, bought three lots, the most expensive being a diamond pendant cross, with diamond two-stone loop, at £2,400. The other two lots were a diamond and black enamel art deco brooch at £1,700 and an antique gold-mounted blue and white enamel marquise panel brooch at £220.

The sale's second most expensive item, at £27,000, was paid anonymously for a brilliant cut diamond single-stone ring mounted in platinum, the diamond weighing 4.18 carats.

A pair of Regency silver-gilt replicas of the Warwick vase by Paul Storr, 1812, realised £8,500 in a sale of English and foreign silver at Christie's. Formed as wine coolers, they had been consigned to the saleroom by the Earl of Stair. They were bought by Ingles, London dealer, in a sale which totalled £174,170.

Four George III two-handled campana-shaped wine coolers, 10 inches high, by T. and J. Guest and J. Craddock, 1809, realised £6,200. They were bought by Montonaro. Twelve George II dinner-plates engraved with the Royal arms by John Hugh le Sage, 1742, went to Partridge Fine Art at £3,800.

A pair of George II silver-gilt plain circular sideboard dishes by Paul Crespin, 1736, weighing 211 ounces, went to Koopman at £4,500. They were the property of the late Lord Cohen of Birkenhead.

At Sotheby's Belgravia, photographs totalled £43,793. A copy of Life and Landscape on the Norfolk Broads was sold for £9,500 and a book with 129 photographs of the Arctic taken in 1873, and an album of 1864 with 12 photographs of New Orleans, were sold for £1,900 each.

Sotheby's also sold a private collection of Japanese prints which doubled its estimate at £167,833. A Tokyo dealer paid £3,400 for a Utamaro print of a waitress.

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NatWest extends hours for London tourists

BY MICHAEL BLANDEN

NATIONAL Westminster Bank is to extend its opening hours for bureau de change business at one of its main London offices.

The hours, will which include Saturday opening, have been agreed with joint staff representatives.

The National Union of Bank Employees last week rejected a plan by Barclays Bank for more flexible opening hours and said that it would not agree to extending the services of bureaux de change.

The NatWest branch concerned is at 25 Shaftesbury Avenue, in a popular tourist area. As well as normal banking hours, from 9.30 to 3.30, the bureau de change will be open from 5 to 9.30 on weekdays, and from 2.30 to 9.30 p.m. on Saturdays.

The development follows the rapid growth of the number of bureaux de change in London to meet tourist requirements. Many of them operate outside the banks.

NatWest said: "We see this as an extension of our range of services for tourists and visitors to London."

During the extra opening hours, it will be possible to exchange currencies, to cash and purchase travellers' cheques and to cash cheques drawn on banks abroad under the Eurocheque scheme. It will not, however, be possible to cash sterling cheques against a sterling guarantee card.

The move follows the extension of hours last August at NatWest's Victoria station branch. This bureau de change is open from 8 am-9 pm every day of the year except Christmas and Boxing day.

NatWest also intends to consider extended opening of a further branch in due course to cater for the exchange and currency needs of tourists and visitors to London.

Foreign countries boost Mint output

THE ROYAL MINT received a large increase in orders from overseas countries for circulation coins in the year to March, 1976, exceeding the previous record total in 1972-73 by 14 per cent.

During the year, a total of 1.67bn. coins for normal circulation were struck, including coins for 57 overseas countries. Within this total, 859.5m. were for the U.K., with the 50p piece the smallest mint at 41.6m. For overseas countries, 813m. coins were produced, with a further 535m. struck for overseas customers by sub-contractors.

There was an increase in the output of proof coins specially struck for the collectors' market. For the U.K., 20,778 decimal sets for the years 1971-75 were struck and for overseas countries, 404,817 proof coins were struck. During the year, about 60,000 medals and medallions were struck.

Datastream and NMW to offer joint service

FINANCIAL TIMES REPORTER

DATASTREAM, the computer bureau providing financial information, is to co-operate with NMW, a bureau providing a special service to stockbrokers.

The agreement announced yesterday will allow Datastream users to have their portfolios updated from NMW's accounting service. NMW clients will be able to use Datastream's valuation service.

By 1980-81 it is expected that clients using both services will need only one set of terminal equipment. Until then, shared clients will probably obtain better service through the linking of the two systems.

NMW currently has about 100 customers and handles some 30 per cent. of stock exchange deals. It provides an accounting service and a limited portfolio valuation service.

Under the agreement, the portfolio valuations will be conducted entirely by Datastream from the end of this year. Datastream provides research facilities and the NMW system can communicate directly with the Stock Exchange computer handling transactions.

Coaster skipper fined for safety breach

THE MASTER of a small British coaster that cut the wrong way across shipping safety lanes in the Straits of Dover last November was fined £75 by a court in Guernsey yesterday. It was the first case of its kind to be heard in the island.

Capt. Peter Brian Robbins, of Truro, Cornwall, who pleaded guilty, was said by Jurat R. A. Tinnersly, the acting magistrate, to have "endangered other ships for a couple of hours or more." He added: "There is no excuse for his flagrant disregard of these regulations which are highly essential."

At the time, Capt Robbins, a sea-going man for 23 years, was master of the 450-ton MV Eddystone.

The ship, owned by J. M. C. Harrison, of Melon House, London, but registered in Guernsey, was carrying 540 tons of beans from Boston, Lincs, to Treport, near Dieppe.

The court heard that radar observers at St. Margaret's Bay and Dungeness monitored the Eddystone as it cut obliquely—instead of as near to a right angle as possible—across the safety lanes laid down by the Inter-governmental Maritime Consultative Organisation and recognised by 57 countries. Later the ship was visually identified by a spotter plane.

In a statement read to the court by his lawyer, Capt. Robbins claimed that visibility had been good and he had checked by radar and visually that there was no danger to other vessels. He said that there was a risk of his cargo acting "like liquid" and shifting. Crossing the Channel at the tail end of a south-westerly gale, he had decided on the oblique course for the safety of his ship and crew.

Free parcel post for charity sale

A FREE postage service is being offered by the Post Office for donors to a national charity effort being run by the Save the Children Fund.

Parcels of gifts for the fund's Jumbly '78 campaign, said to be the world's biggest jumble sale, will be accepted free of charge at all main post office counters in England, Scotland and Wales, for the two weeks from March 28 to April 8.

Jumbly '78 is being held at the Empire Hall, Olympia, London, in April.

Footwear deliveries 7% up

By James McDonald

DELIVERIES by the footwear industry in the final quarter of last year, on a seasonally adjusted basis, were 7 per cent. higher than in the previous quarter.

According to the journal Trade and Industry, the industry's net new orders during the three months were 8 per cent. higher than in the third quarter but, at the end of December orders on hand were 5 per cent. lower than at end-September, 1977.

The industry's output index during the quarter was 9 per cent. above the level in July-September last year. The journal adds that rising prices are likely to have reduced the relative accuracy of the estimates.

New Defence costs survey

Financial Times Reporter

THE GOVERNMENT will undertake a further survey of military training activities to see if savings in costs of all three Armed Services can be achieved by rationalisation or other means.

This is revealed in the Government's comments in a White Paper on a recent report from the Commons Expenditure Committee on services' training.

Shortage of skilled workers threat to pump, valve makers

BY OUR INDUSTRIAL EDITOR

BRITISH PUMP and valve companies, with an annual output of £480m. in 1976, must develop higher value products and take priority action to prevent a severe shortage of skilled manpower by 1980.

Only in this way will they be able to meet the 5 per cent. annual growth target in the government's industrial strategy, says a National Economic Development Council sector working party report to-day.

Such a growth would imply a rise in real output of 28 per cent. between 1976 and 1980. Real output could rise by 15 per cent. from 1975 levels with no increase in manpower from the 54,000 figure of 1976.

Beyond this, a 5 per cent. annual growth would have to be accompanied by a "major increase in shop floor efficiency," reflecting a major rise in output per employee.

But even before 1980, shortages of technical and craft labour will become a "serious constraint on output" when demand for pumps and valves picks up.

This gloomy forecast was first highlighted last January when a sub-group of the sector working party did detailed work on this "very serious problem," says the report.

It recommends that the pump and valve industries should be given priority by the Employment Services Agency in filling skilled vacancies.

There must also be action on in-company training, on differentials, on conditions of work and on shop floor automation as a way of reducing the shortage of skilled labour.

In a statement which goes to the heart of many of Britain's engineering industry problems, the report says "security of employment and career prospects in the industry should be comparable with the service sector." This has been taken up by many former engineering employers who are disgruntled with pay and conditions.

There should be a rapid move towards common conditions of work for manual and non-manual workers.

This could all help to reduce the wastage in skilled labour.

Action should be taken to improve the understanding in schools of the needs and opportunities in mechanical engineering, including the pump and valve sector. Companies could help by increasing their contact with schools.

Many of these problems are likely to occur in the next two years. Meanwhile, 60 per cent. of the 300 British companies making pumps and valves are working below capacity. The continued depression in shipbuilding is cited as one factor.

Heating curbs on way

BY JAMES McDONALD

PROPOSALS for regulations aimed at conserving fuel and power, to govern heating installation controls in non-residential buildings, have been published by Mr. Peter Shore, Secretary for the Environment.

The proposals have been circulated for comment by the end of May to representative bodies of the interests concerned — thermal engineering and building associations and local authorities.

The proposals cover: the control of output from space-heating installations—hot-water radiators, air heaters and so on—by use of thermostats inside or outside the building; automatic control of shut-down, re-start, or modulation of heat generation plant—heat generators, pumps, and the like — in buildings which are intermittently occupied; controls, where there is more than one heat generator, capable of selecting the most thermally-efficient number to meet the heat demand; and control of water-storage temperature in hot-water supply systems.

A system of certification is also proposed under which local authorities would be able to accept from members of the Chartered Institution of Building Services, for example, an initial certificate that an installation's design is in accordance with the proposed regulations.

Extra £1.4m. for Scots truck plant

FINANCIAL TIMES REPORTER

THE SCOTTISH Development Agency has invested an additional £1.4m. in Stonefield Vehicles, the Ayrshire cross-country truck manufacturer, which is to begin production shortly.

The agency said yesterday that it had thus increased its shareholding from 49 per cent. to 76 per cent. by subscribing for £1.4m. £1 voting preferred shares.

It has also converted a £545,000 unsecured loan into a £1.1m. secured loan, and retains its original £490,000 £1 Ordinary shares.

Mr. Bernard Jackman, former managing director of British Leyland's Rover-Triumph division, has been appointed chairman after the death last year of Mr. Jim McKelvie, the project's originator. Mr. Donald McCallum, Ferranti's Scottish general manager, has been appointed a non-executive director.

Mr. McKelvie's family, which originally held 510,000 £1 ordinary shares and had subscribed a £255,000 unsecured loan, have reduced their interest by £165,000 but retain a 24 per cent. stake and a seat on the Board.

Mr. Lewis Robertson, the development agency's chief executive, said the new investment became necessary after Mr. McKelvie's death. The agency, left with the task of managing the one-year old project, had carried out a feasibility study at the end of last year.

This confirmed a sound commercial future for the four-wheel drive family of trucks and their design concept.

A number of prototypes have already been produced at Stonefield's Cumnock factory, owned by the agency and formerly occupied by Scottish Aviation.

High-speed

The workforce, totalling 60, will be built up over the next 15 months to about 400 when production will rise to 2,000 vehicles a year.

The forward-control trucks, powered by Ford V6 or Chrysler V8 engines with standard automatic gearboxes and a carrying capacity of between 1½ and three tons, are intended for multi-purpose, high-speed transport over rough terrain.

Mr. Jackman, who was involved with the launch of the original Land-Rover 30 years ago and subsequently the Range Rover, said the Stonefield design had already attracted interest from abroad, particularly the Middle East and Africa.

Some pre-production vehicles have already been sold. The price of early trucks with a pickup body and cab would be about £11,500.

IBM creates 400 jobs at two U.K. factories

BY RAY PERMAN

IBM IS to create 400 new jobs at its two U.K. plants at Greenock, Renfrewshire, and Havant, Hants., over the next few months.

At Havant, the smaller of the two factories, 150 staff are to be recruited to cope with demand for electronic files and central processing units, one of the largest of the IBM systems.

At Greenock, recruitment has started to fill 250 new jobs, to meet demand for the recently modified IBM 3270 information display system. The Greenock factory is the sole producer of the 3270 for Europe, the Middle East and Africa, and 100,000 have been sold.

The new jobs, mostly in engineering, assembly and testing, will increase the Greenock workforce by 13 per cent. They will include 30 school-leavers and 30 graduates.

Greenock is IBM's oldest U.K. plant and expanded progressively to 2,000 jobs up until 1970 when the recession depressed demand. Numbers have been steady since then and the new recruitment represents the first major increase for eight years.

Separation plant decision due soon

By Our Scottish Correspondent

THE SCOTTISH OFFICE is expected to give its decision soon on the planning application by Shell-Esso and Esso Chemicals to build a gas separation plant, and an associated ethylene cracker at Mossmorran, Fife.

A local inquiry was held last year, and Mr. Bruce Millan, the Scottish Secretary, told Parliament he would announce his decision around Christmas, but little has been heard since then.

The separation plant is intended to handle gas from the

Mr. Bruce Millan . . . a complicated task.

Brent Field, brought by landline from St. Fergus, near Peterhead. The timing of an announcement could be crucial to Shell-Esso, who have a contract to export propane and butane to the U.S.

Esso Chemicals, has already said it will not take a final decision on whether to go ahead with its part of the project until the end of the year.

Mr. Millan's position is complicated by the fact that, unlike his counterparts in England and Wales, he is the Minister responsible, for both the planning and the industrial aspects of the proposal. The length of time he has taken could indicate that he is working on stringent environmental and safety conditions, to attach to the planning consent.

Further warning on house prices for Goverment

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE INCORPORATED Society of Valuers and Auctioneers joins the chorus of property bodies to-day to warn that Government curbs on mortgage lending may lead to an eventual "explosion" in house prices.

In the latest edition of its quarterly review of the housing market, the society notes an "acute shortage of properties in all sectors" of the residential market. This shortage, the society believes, "has led to the recent prices escalation."

The society warns that "the market has 'taken-off' in a manner disturbingly reminiscent of 1972."

It feels that Government pressure to slow the price spiral by reducing the volume of building society lending can have only a temporary stabilising effect that will lead to another big price explosion when the restraints are lifted.

A national survey of the society's member agencies shows that there has been a 34 per cent. drop in the number of houses for sale since last November. According to the society, this lack of housing stock has reached "near crisis levels" for some smaller agents.

Houses valued up to £12,500 increased by an average of 8.5 per cent. in the last three months, and similar rises are reported in more expensive properties in the £20,000 to £35,000 range, and for properties costing more than £35,000. The sharpest increase—10.5 per cent.—was recorded in housing priced between £12,500 and £20,000.

Freight carrier starts employee share scheme

BY MICHAEL DONNE

IAS Cargo Airlines, the independent all-freight operator founded by Mr. Alan Stocks, is to introduce a profit-linked share plan for its employees from April 1. It is the first such scheme to be introduced by a British airline.

The plan will give IAS personnel who have served more than 18 months an opportunity to participate in profit sharing, and to become shareholders in IAS. Total staff is 340 in the U.K. and overseas.

Annually, IAS will allocate five per cent. of its pre-tax profits to eligible employees, to be used to subscribe for unissued shares in their names. Additionally, if the profit exceeds 20 per cent. of the net worth of the company, then 10 per cent. of that excess will be added to the allocation.

IAS starts the scheme with good financial results, with estimated profits of £700,000 on a turnover of £27m. for the year ending March 31, 1978. Of this, about £60.00 will be available for share purchase for the first 150 eligible staff.

A Board of trustees will administer the plan and notify staff of their share allocation each year. After a further four years of unbroken service with IAS the shares, which will have been held by the trustees, will automatically become the property of the employees.

Laker top communicator

FINANCIAL TIMES REPORTER

ONE of the pioneers of cheap transatlantic air travel was named Communicator of the Year yesterday by Britain's industrial editors.

The award, presented by Lord Shinwell, was accepted by Lord Beswick, chairman of British Aerospace, on behalf of Mr. Freddie Laker who was unable to attend because he is ill. It was organised by the British Association of Industrial Editors.

The judges, chaired by Lord Ritchie-Calder, said that in bringing about a revolution in air travel, Mr. Laker had "shown a mastery of the art of natural communication, using the spoken and written word in a way that is a notable example to British industry and commerce."

APPOINTMENTS

Rolls-Royce executives for Arab British Engine Board

Following agreement between the Arab Organisation for Industrialisation and Rolls-Royce to establish the ARAB BRITISH ENGINE COMPANY, Rolls-Royce has made appointments to the Board of the new company.

Mr. F. T. Salt becomes vice-chairman and Mr. R. H. H. Nellist, a director, retaining their Rolls-Royce positions. Mr. A. H. Harvey-Bailey is managing director of the new concern and will be based in Egypt. While holding that post, he will be seconded from Rolls-Royce and will relinquish all his present company responsibilities. On Mr. Harvey-Bailey's appointment, Mr. E. J. E. Smith, regional representative, Middle East, will take over control of the Rolls-Royce office in Cairo.

★

IMPERIAL METAL INDUSTRIES has appointed Mr. C. G. H. Foster to the newly-established post of assistant managing director of IMI Rolled Metals, Birmingham, from April 1 with special responsibility for planning. On September 1 he will be succeeded by Mr. J. D. Sewards as works director, IMI Rolled Metals.

★

Mr. Denis J. Groom has been appointed finance director of TRAFALGAR HOUSE. Since Mr. Eric Parker was appointed managing director in July 1977, he has continued to act as finance director. He will relinquish that responsibility to Mr. Groom who will join the Trafalgar Board when he takes up his appontment in July this year.

★

IMPERIAL GROUP has made the following changes in the Boards of Imperial Tobacco and Imperial Foods.

Mr. R. A. Garrett, chairman and managing director of Imperial Tobacco, relinquishes his appointment as managing director of that company on March 21. He has been succeeded as managing director by Mr. A. M. Reid who, as previously announced, has been appointed a member of the Board of Imperial Group from the same date.

Sir Alex Alexander, chairman and managing director of Imperial Foods, relinquishes his position as managing director of that company on March 21. He has been succeeded as managing director by Mr. A. M. Davies.

Mr. Garrett and Sir Alex retire after the annual meeting in March next year when they will cease to be chairmen of their respective companies and will leave the group Board.

★

Mr. Thomas Edge, joint managing director, I. J. Dewhirst, has been elected chairman of the SHIRT MANUFACTURERS' FEDERATION. Mr. Monty Goldman, managing director, shirts division, Carrington Viyella, is now senior vice-chairman of the Federation. Mr. David Buck continues as honorary treasurer.

★

Mr. J. Burnham, Mr. P. Hawkins and Mr. P. G. Ripley have been made directors of DAVENPORT ENGINEERING. Mr. P. G. Ripley becomes a director of Davenport Metal Fabrications from April 1.

★

Mr. Peter Wilks, general manager, special projects, BOC, has been elected chairman of the WELDING MANUFACTURERS ASSOCIATION and a member of the Council of the British Electrical and Allied Manufacturers Association.

★

Mr. John T. W. Pike has been appointed managing director of HERCULES HYDRAULIC. He was previously with Bonser Engineering.

★

Mr. Christopher McLaren has been appointed to the Board of the WESTPOOL INVESTMENT TRUST.

★

Dr. P. J. Agius, director of research, ESSO PETROLEUM COMPANY, retires at the end of March.

★

Mr. Derek Mouland, Mr. Brian Tate, Mr. John Masding, Mr. Alan Wilkinson and Dr. Keith Hopkins have joined the Board of CRODA RENDERING, a subsidiary of Croda International.

★

Mr. R. G. Walker and Mr. J. J. Hobbs have joined the Board of C. F. TAYLOR (HOLDINGS), a subsidiary of Electrical and Industrial Securities. Mr. Walker is a director of EIS and Mr. Hobbs is company secretary.

★

Mr. R. W. Myers and Mr. M. B. Griffith have been appointed directors of ENGELMANN AND BUCKHAM following a re-organisation of the Board and the resignation of Mr. C. M. Mallett. Mr. M. Hulme, company secretary, has joined the Board of the newly formed Engelmann and Buckham (Holdings).

★

TARMAC has reorganised its properties division and Mr. Ron King has joined the Board of the divisional parent company, Tarmac Properties, in addition to his position as assistant managing director of the group's housing division. Mr. Doug Gardner, assistant managing director of Tarmac Properties, becomes a director of McLean Investments and John McLean and Associates and will be responsible to Mr. Eric Fountain, divisional chairman and chief executive, for the day-to-day management of the division. Mr. Tony Collins has been made a director of John McLean and Associates.

★

Mr. David Tittle is to join the Board of RELIANCE KNITWEAR GROUP and also becomes managing director of Drewry and Edwards, a subsidiary, on April 1.

★

Mr. C. I. Garland has been appointed a director of the FOLGATE UNDERWRITING AGENCY.

★

Mr. Philip Ward has been appointed director of the overseas services unit of the ROYAL INSTITUTE OF PUBLIC ADMINISTRATION in succession to Mr. John Sargent, who retires on March 31.

★

Mr. F. A. Parker has been elected chairman of BRITISH VITA COMPANY in succession to the late Mr. Norman Grimshaw. Mr. Robert McGee and Mr. Herbert Houghton have been elected deputy chairmen. Mr. George Blunt, who continues as managing director of the group's international operations, has stood down as a deputy chairman.

Mr. Parker joined Vitafoam in 1954 and has been a deputy chairman of British Vita company from 1967 when it became the holding company of the British Vita Group. The position of chairman of British Vita Company will continue to be primarily non-executive. Mr. McGee is chief executive, a post he has held since 1975. Mr. Houghton became a non-executive director in 1971.

★

Sir Derman Christopherson has been appointed a member of the ROYAL FINE ART COMMISSION to fill a vacancy created by the retirement of Mr. John Piper on the expiry of his term of office. Sir Derman has been vice-chancellor and warden of Durham University since 1960.

LEGAL NOTICES

No. 00889 of 1978.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of R. T. HAYWARD & ASSOCIATES (SERVICES) LIMITED and in the Matter of the Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 15th day of March 1978, presented to the said Court by STEPHENS & CARTER LIMITED whose Registered Office is situate at Riverside Works, Norwich, Norfolk, Plant Hire Contractors, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 17th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRADY & WALLER,
2-3 Hind Court,
Fleet Street,
London, E.C.4.
Ref.: P/BH/LB. Tel.: 01-583 5511.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of April 1978.

No. 00893 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of E. C. CLARK (PLUMBING & HEATING) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 16th day of March 1978, presented to the said Court by URM CADEL LIMITED whose Registered Office is situate at Stanley Works, Osborne Road, Thornton Heath, Surrey, Plumbers Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 17th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRADY & WALLER,
2-3 Hind Court,
Fleet Street,
London, E.C.4.
Ref.: P/TTH. Tel.: 01-583 5511.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of April 1978

No. 00847 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JEAN MASTERS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 13th day of March 1978, presented to the said Court by SMAK LIMITED whose registered office is at 34 Paddington Street, London, W.1, Manufacturers of fashion clothing, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 17th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SILVERMANS,
5 Stratford Place,
London, W1N 9DX.
Ref.: 28/CB/440/18.
Tel.: 01-493 8481.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of April 1978.

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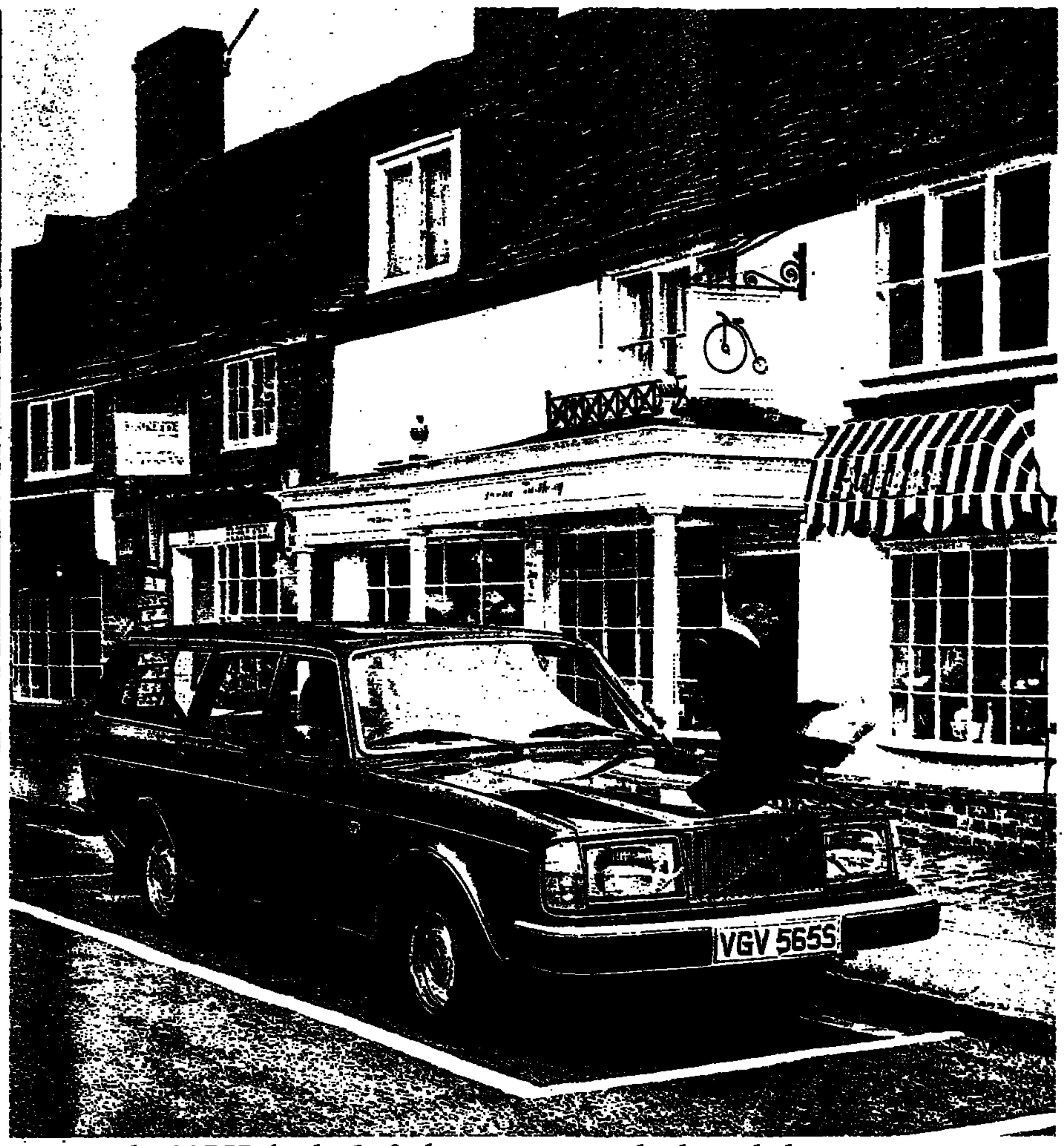
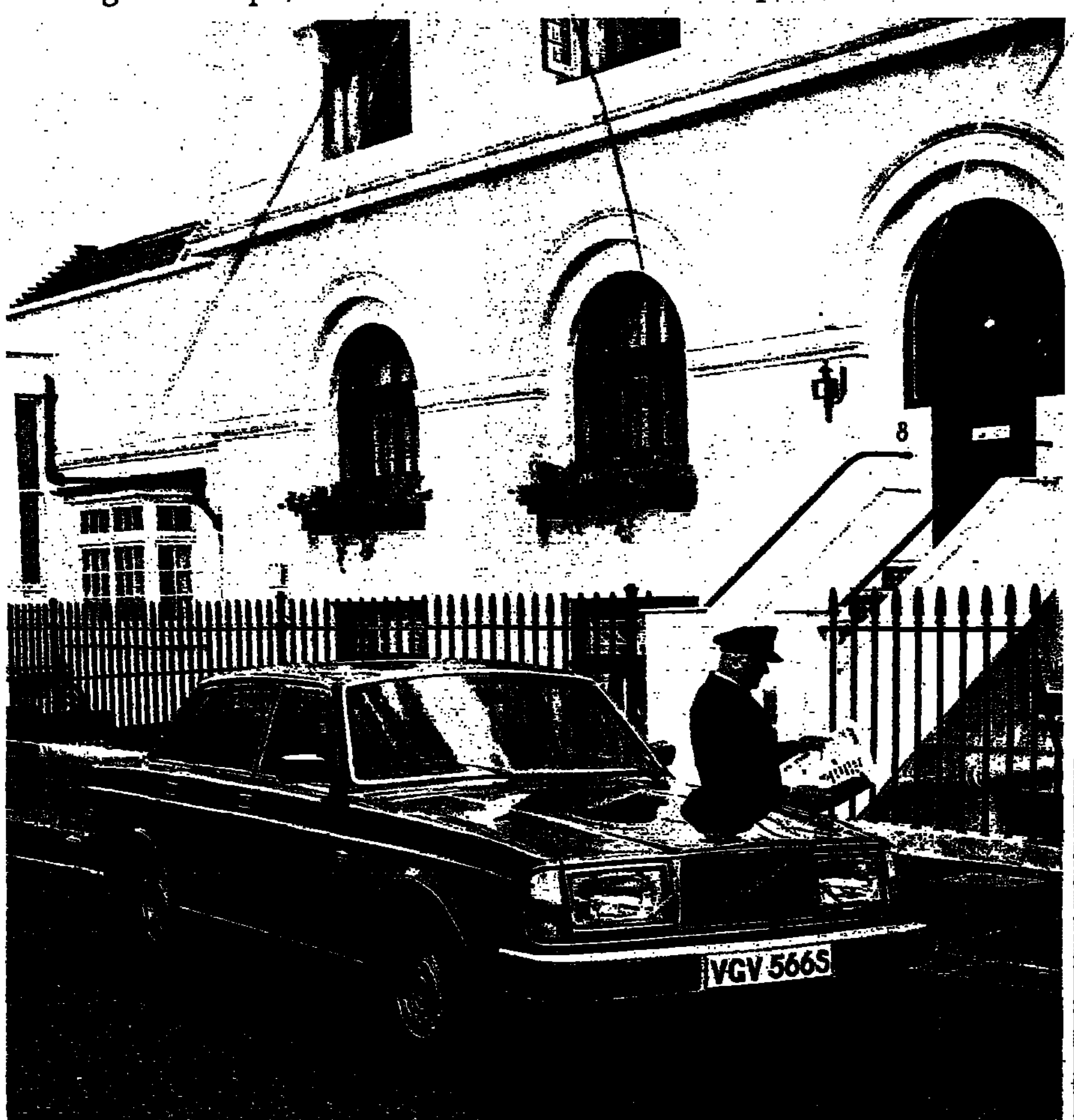


Volvo 265GL. 6 cylinder fuel injection engine, leather upholstery, power steering, tailgate wash-wiper, tinted windows and metallic paint. £6,899.



Volvo 264GLE. Possesses every virtue of the GL, plus air-conditioning, electrically-operated windows and exterior mirrors, rear seat head rests and rear window blinds. £7,598.

Volvo 265GLE. As you'd expect, it has every feature of the GL model, together with air-conditioning, electric windows and electrically-operated exterior mirrors. £7,398.

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HOME NEWS

Building trade safety defects 'could cause 2,000 deaths'

FINANCIAL TIMES REPORTER

THE FAILURE of the construction industry to make any real improvement in its safety standards could lead to 2,000 building workers being killed over the next ten years with a further 400,000 suffering serious injury, according to a report by the Health and Safety Executive which was published yesterday.

The report, the first the executive has devoted entirely to health and safety in the construction industry, shows that the number of reported accidents rose from 34,161 in 1975 to 34,611 in 1976.

The number of people killed in the industry fell from 181 to 154 over the same period. But the report stresses that although overall accident levels may vary from year to year "the construction industry continued during 1976 to be unable to cope with a large number of well-known and well-documented problems."

"Whereas legislation has applied to an ever-wider range of building and construction activities, the causes of fatal and serious accidents have generally remained the same for the past 60 or 70 years: falls of persons, particularly from ladders, roofs and scaffolds; falls of materials; collapse of excavations and misuse or failure of lifting machinery and vehicles," the report says.

It adds that although a construction worker has only a slightly higher chance of suffering a reportable accident than someone in manufacturing industry, the accident is more likely to be serious and about four times as likely to be fatal.

The report says many accidents in the industry could be prevented if site workers, line managers and senior managers would take the trouble to eliminate hazards and to establish safe working systems.

Yet often the reasons advanced for accidents occurring were "simply not acceptable as an excuse for the serious toll of injuries and deaths."

One example given in the report is of men who were found to be working in an unsupported trench. The foreman insisted the excavation was safe but a Prohibition Notice was issued and timbering installed. Some time later a further section of the same trench was opened up and again no timber supports were put in.

This time the trench collapsed and it was the foreman himself who was seriously injured.

"It is a fairly simple task for someone experienced in site safety to visit most construction sites and point out a number of obvious hazards not remedied by the efforts of line management and which, for the most part, involve a breach of the four codes of construction regulations. All of these hazards could cause potentially serious accidents.

"People in the industry both managers and men, do not always believe that risk of injury from a hazard justifies the precautions and organisational effort needed to prevent the accident.

"Line managers often believe that the situation cannot be controlled by the kind of decisions which it is within their power to take. Senior managers, controlling a number of sites, are happy to leave the hazards for the safety and the site supervisors to sort out between them."

The report says accidents should be better publicised by construction companies to all their employees. It adds that this is particularly important because of the fact that most accidents do not take place "at the frontiers of technology" but arise from commonplace hazards.

It also says that incentive schemes should be designed to inhibit men from taking chances.

Health and Safety: Construction 1976; HMSO; £1.35

'New role needed for price watchdog'

BY MICHAEL BLANDEN

PRICE CONTROLS may, at their peak, have kept prices lower by about 3 to 4 per cent. than they would otherwise have been, according to Lord Cockfield, former chairman of the Price Commission.

Towards the end of the period of controls, however, their effect was minimal as they became less and less effective, he maintains, and they should have been abolished.

Writing in the latest issue of the Three Banks Review, published by the National and Commercial Banking Group, he sees a case for the Price Commission in its present form developing a new role and possibly for a merger with the Monopolies Commission.

The real justification for the price control, he says, was as the other half of a pay and prices policy.

It was essentially an attempt to give a guarantee that if people accepted less than they could get in a free market, then what they had given up would be reflected in a lower level of prices than would otherwise have prevailed.

The controls may be necessary at times when drastic measures were required, Lord Cockfield says.

But they must not be regarded as solutions. They provide only a breathing space in which basic weaknesses in policy can be put right.

"The tragedy of the past few years," he comments, "is the failure to use this breathing space sufficiently promptly or sufficiently vigorously."

Moreover, he maintains, controls of this character cannot last very long. They ossify the pattern of the economy, stultify progress, penalise efficiency and reward inefficiency.

Refinements and reliefs have to be introduced as time goes on, the legislation gets longer and longer and "one ends up with a more and more complex control which achieves less and less."

This, he says, is what happened after August 1976, and "at that stage it would have been far wiser to have abolished it."

Finally, however, he sees a strong case for "a permanent facility to protect the community at large in the field of pricing." We suffer in this country from "market domination, price leadership, parallel pricing, the lack of effective competition, unwillingness to compete on price . . . and a 'cost plus' mentality under which the instinctive reaction to cost increases is to pass them on in prices rather than absorb them in greater efficiency."

Price control of the kind Britain had from 1973 to 1977 is not the right weapon to deal with these problems.

Chrysler prices up

Financial Times Reporter

CHRYSLER U.K. is to increase the price of its Alpine and Sunbeam models from April 1, at the same time as it introduces improvements to standard specifications on the Alpine.

Sunbeam prices are to go up by 4.4 per cent. on average, the first increase since the car was introduced last autumn, and the cost of an Alpine will rise by just under 5 per cent., the first for nearly nine months.

After the price rises, the cost of a Sunbeam will range from £2,400 to £3,100, compared with £2,500-3,100 for a Ford Fiesta, and £2,500-3,500 for a British Leyland Marina.

The new price range of the Alpine will be £3,100-4,100, in line with a competitor like the Triumph Dolomite.

Do-it-yourself car repairs boom

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE *SIZE* of the do-it-yourself car repair market in Britain has risen extremely rapidly during the last six years to reach an estimated total of £522m. worth of sales last year.

According to a new survey, 87 per cent. of motorists purchased some parts or accessories for their car last year.

This compares with an estimated 35 per cent. of all car owners engaged in any DIY activity in 1971, 50 per cent. in 1973 and 75 per cent. in 1976.

The survey, commissioned by the trade journal Auto Accessory Retailer, and sponsored by GKN Distributors, concludes that there will be further growth in the "after-market" over the next few years.

It says this can be expected to continue at a higher proportional rate than the growth in the number of cars on the roads, which is estimated at between 2 and 3 per cent. a year over the next decade.

The report also suggests that certain parts which now occupy an important part of the market—heated rear windows, warning lights, head rests, mirrors, car seats—will decline in importance as vehicle manufacturers raise their specifications and fit more accessories as standard equipment.

On the other hand, the introduction of more safety-orientated legislation is expected to increase DIY sales.

The main reasons for this expansion, the report suggests, lie in the cost of motoring—up 267 per cent. in the past five years—consumer resistance to garage charges, and the steep rise in the price of new cars, which has led motorists to hang on to their existing models.

The bulk of cash spent by DIY motorists is on replacement parts.

Last year, these motorists spent £289m. on parts, accounting for 55 per cent. of the total DIY aftermarket. Some 82 per cent. of all motorists bought electrical parts, while 43 per cent. purchased at least one brake and suspension part.

A further £76m. was spent on maintenance and repair equipment, and £131m. on accessories with car care equipment accounting for the rest of the market.

Shipbuilding subsidies bigger in Scandinavia

Financial Times Reporter

BRITAIN HAS some of the most comprehensive shipbuilding subsidies in the world, yet many are less generous than those offered by competitive nations like Norway, says a report from the shipbroking arm of Hill Samuel.

British efforts have helped the U.K. share of new building orders to rise, against the background of the lowest world order books for over a decade.

The report says that a vessel costing £8m. to build can be bought in Sweden for £4.4m., in Norway for £4.9m., in Britain for £5.5m. and from West Germany for £5.8m., the difference representing Government subsidies and aid.

The report, from shipbrokers Lambert Brothers Shipping, says that Sweden offers potential buyers a 30 per cent. grant, with 100 per cent. credit available at 7 per cent. for 12 years.

This compares with 70 per cent. credit over seven years at 8 per cent. in Britain, the same as called for in the OECD standard terms of conditions for shipbuilding.

In Norway yards also offer 100 per cent. credit, but over 15 years at 3½ per cent. interest. The report says there are signs that action may have to be taken by Norway to ensure that the use of resources to preserve shipbuilding does not harm the country's shipping industries.

LABOUR NEWS

Civil servants study 9½% pay rise offer

BY PAULINE CLARK

THE GOVERNMENT yesterday made its expected offer of 9½ per cent. plus consolidat ion of pay policy supplements, to 500,000 white collar civil servants and was rewarded with an initially favourable response.

Mr. Bill McCall, general secretary of the Institution of Professional Civil Servants, said on behalf of the six Civil Service unions presenting a common front on pay, that the main elements of the offer met the claim of the consortium in full.

Although the consortium wants further negotiations on some details, this means, in effect, that the offer has been accepted by unions representing about half the 500,000 civil servants

The six unions are: the Institution, the Civil Service Union, the Inland Revenue Staff Federation, the First Division Association, the Prison Officers Association and the Association of Government Supervisors and Radio Officers.

The Civil and Public Services Association, the biggest Civil Service union, said that the offer seemed to be the maximum under the Government's guidelines. It would be examined in detail and there would be full consultation of members before any settlement was reached.

Both the association and the Society of Civil and Public Servants were originally pursuing claims well beyond the Government's guidelines, but earlier this month the association decided against pressing a demand for 14-20 per cent. increases.

The executive of the society—from which any resistance to the offer would be most likely to come—will meet to consider it next week.

Consolidation of Phase One and Two supplements would take up the outstanding 0.5 per cent. on top of the 9½ per cent. direct offer, and some improvements in allowances are also proposed.

Surprise

The Civil Service Department said that the offer was within pay guidelines and the Government had indicated to the unions that it "believes it is a fair one in line with the increases being pad to other groups of staff."

Unions representing 420,000 nurses and midwives have had their employers' agreement in principle to a claim for compensation in lieu of productivity pay sation in lieu of productivity payments inthe present wage round.

The unions have decided not to claim for productivity for professional and ethical reasons, but have clearly been taken by surprise by the early agreement of the employers side of the nurses' Whitley Council to back their stance.

Gaining the employers' sympathy was seen as the most im portant hurdle towards persuading the Department of Employment and Ministers that the nurses had a special case.

Once the details of the compensation demand have been worked out, it is hoped that joint representations will be made to claim under the pay guidelines.

The Confederation of Health Service Employees, which is among eight unions representing the nurses, said yesterday that an offer of a 10 per cent. increase on basic rates with full consolidation of the Phase 11 supplement was being considered in response to a 12-point claim.

Proposals for some consolidation of Phase 1 were still being worked out before the offer was put out to branches.

● Pay talks between rail union leaders and the British Railways Board yesterday centred on a productivity offer linking passenger and freight figures to the number of hours worked by individual railmen.

This is estimated to amount to an extra £3.50 a week in addifion to a 10 per cent. pay offer. The proposals are conditional on unions agreeing to co-operate in further manning cuts and changes in work prctices.

Felixstowe holiday sailings threatened

A STRIKE by ferrymen employed by Townsend Thoresen may cause difficulties for Easter holiday-makers. The company is advising passengers hoping to cross from Felixstowe to Zeebrugge or Rotterdam of alternative routes.

Yesterday no ferries were running from Felixstowe after crew members of the Gaelic Ferry occupied the ship as a protest against their sacking by the company. The dismissals followed an ultimatum from the company to end an unofficial stoppage which has been going on since last Friday.

Refused

The port committee of the National Union of Seamen refused to call it off. It is to take legal advice about the sackings and the dismissal last year of a steward after a drugs conviction.

Mr. George Cartwright, port committee chairman, called for support from colleagues on Townsend Thoresen's Scottish and Irish routes. Sailings on those routes are still operating normally, according to a company spokesman.

Mr. Jim Slater, general secretary of the union, said that the steward's dismissal was fully justified and that the Felixstowe men should go back to work.

● NEWS ANALYSIS—STRATEGY FOR LUCAS

A union view of the future

BY PHILIP BASSETT, LABOUR STAFF

THE DECISION by Lucas shop stewards to block the movement of equipment and information from the one plant to another to fight the loss of nearly 1,700 jobs on Merseyside seems at first sight another Liverpool attempt to shut the stable door when the horse has long gone.

But behind the move is something other than what managements have sometimes seen as Merseyside bloody-mindedness. The reaction of the Lucas stewards is based on the belief that there is a complete, constructive, alternative strategy for the Lucas Aerospace industry.

The Corporate Plan drawn up by the Lucas Aerospace Combine shop stewards committee was presented to Lucas in January, 1976. It was seen by both management and unions as a fundamental political challenge to the way industry was operating, and was rejected by the company in April, 1976.

But with the cuts proposed last week, the stewards' combine sees the predictions of the plan fulfilled and at the same time feels that, more than ever, the plan is vital for the future not just of the Lucas workforce but for the whole Merseyside area.

A deputation of Labour MPs is to ask the Government and Lucas to re-consider the combine's plan when it meets Mr. Albert Booth, Employment Secretary, to protest about the threatened redundancies and a Commons motion mentioning the plan has been tabled.

The extensive and highly technical plan was originally drawn up by the stewards' combine after consultations with trade unions, universities and other interested bodies and after a range of specific product suggestions came in from the Lucas workforce in response to a questionnaire.

Connections were built up with the Open University, Queen Mary College, London and especially the North East London Polytechnic. Support for the plan came from sources as far-ranging as Left-wing Labour MPs, the Fabian Society, the Institute of Workers' Control and the Dominican Fathers.

The Lucas shop stewards' plan is an attempt to redirect production into 'socially useful' markets and away from the manufacture of military equipment.

The questionnaire produced a range of 150 products, of which 12 were proposed in detail in the plan itself. But, in part, the strong academic and political links, coupled with the avowedly Left-wing position of some of the combine's senior officials solidly trade union-centred Lucas distanced the ideas from the workforce.

The TUC made two television programmes on the plan, and the Transport and General Workers' Union issued a pamphlet outlining its aims.

The combine, even now — two years after the plan was first produced — says that trade union support for it is only "growing," but it does claim that shop stewards' committees in Chrysler, Vickers, Rolls-Royce and elsewhere are discussing corporate plans based on the Lucas model.

The basis of the plan is an attempt by shop stewards to redirect Lucas production into "socially useful" markets, away from the manufacture of military equipment, which is the chief product range of the Aerospace division, and into cheap heating, cheaper, safer transport and medical equipment.

Lucas rejected the plan, basing its reply on a reaffirmation of its established business strategy. The company said it intended to continue concentrating on traditional business for aerospace and defence.

The combine now says that the job cuts show that Lucas was wrong in maintaining its established strategy, but that it is not too late for the changes proposed by the plan.

Mr. Michael Cooney, combine chairman, believes the Liverpool plant could be profitably used to build the hybrid engine for one of the plan's suggestions, a revolutionary road and rail car which has already been successfully tested.

Perhaps more idealistically, Mr. Cooney says that the doomed British Leyland plant at Speke could be turned over to the production of the car to save jobs in the Liverpool area.

Lucas, which no longer recognises the combine, believes that the plan's ideas are not marketable, and there is some union belief that the combine overstretched itself in suggesting the production of complete items to a company whose history has been bound up in components. Lucas says many of its current products are already "socially useful," and that further diversification in terms of the plan is unnecessary.

The combine is obviously prepared for a fight, but the very existence of the plan, based on industrial democracy on the shop-floor rather than in the Boardroom, shows that not every redundancy battle is either a machine-breaking fight to the death or a bargaining strategy to increase severance pay-offs.

Gas workers' strike called

MORE THAN 1,550 white-collar Scottish Gas employees in Edinburgh are being told by their union to strike from to-morrow in support of 14 dismissed wages and salaries clerks.

The action, authorised yesterday by the National and Local Government Officers Association, will affect administration, maintenance, showroom and accounting services.

Lloyds bank groups to consider merger

BY PAULINE CLARK, LABOUR STAFF

THE National Union of Bank Employees and the Lloyds Bank group staff association have agreed to explore a plan for merging their interests. The move could signal a breakthrough towards solving the problem of long-standing feuds between union and staff associations in the British clearing banks.

The two sides yesterday announced the setting up of a joint working party to look at the possibility of creating a single negotiating body in Lloyds. These would represent about 22,000 staff association members and about 14,500 members of NUBE.

The new body would be known as the Lloyds Bank Group Staff Union and would be affiliated to NUBE, giving it a say in general clearing bank and other national bank matters.

Mr. Leif Mills, general secretary of NUBE, described the agreement to explore the plan as "a major break in the log jamming that has afflicted British banks for years." He hoped that the move would set an example to other banks such as Barclays and National Westminster.

The proposed arrangement could also change the union's attitude towards clearing banks' proposals for more flexible opening hours, he added.

The working party, consisting of five staff association members in Lloyds and five from the union — with Mr. Mills also taking part — is expected to report by July.

If the merger goes ahead, the new Lloyd's union would have its own constitution and rules which would be decided by the members, although a decision in advance would have to be taken on which rules would take precedence over those of NUPE.

The union believes the bank employers will welcome a tidier negotiating structure.

Proposal to change TUC election rules rejected

BY CHRISTIAN TYLER, LABOUR EDITOR

A PROPOSAL to change the way the TUC general council is elected, to give proportional representation, was rejected by the council yesterday.

The TUC's finance and general purposes committee had decided on Monday to recommend that unions with 150,000 members should automatically have a seat. Bigger unions would have from two to five depending on size. Smaller ones would poll on some kind of constituency basis.

One of the main objections, Mr. Len Murray, TUC general secretary, said afterwards, had been that a change in the system—at present all members have to stand for election by Congress as a whole — might endanger the council's "cohesiveness."

One union leader said last night the reform, which was voted out by about 20-15, had been opposed mainly by Left-wingers and by council members from small unions.

Protagonists of the idea argued that the big unions' representatives would still be responsible to the Congress as a whole even though nominated rather than elected.

The question whether the women's section should be abolished, expanded, or left alone is still being considered. The abolitionists argue that without a special section, unions with large numbers of women members would be compelled to nominate women.

This, and the question of expanding the TUC's industrial committees, will be part of the now-truncated plans to be put to this year's Congress for approval.

GEC workers end strike

BY OUR OWN CORRESPONDENT

THE EIGHT-WEEK strike by [illegible] storekeepers at GEC Telecommunications in Coventry was called off yesterday. They will return to work to-day to allow more talks to be held on a pay claim.

Their strike caused over 2,000 employees to be made idle, but most of these workers are unlikely to be asked to go back until after the Easter break.

The storekeepers have been claiming, as well as a 10 per cent. rise, an extra £3 a week to bring them into line with other workers. But the management said the company would lose vital Post Office orders if it infringed Government pay policy by giving the increase.

The storekeepers have staged an occupation of part of the factory three times to press their demands.

Anti-car policies attacked

BY OUR LABOUR CORRESPONDENT

FAILURE to recognise the importance of road-based transport was producing policies and attitudes which were "bad news" to everyone working in the motor industry, Mr. Terry Duffy, Amalgamated Union of Engineering Workers presidential candidate, said in Birmingham last night.

The Labour Party home policy committee, he said, had spoken "misguidedly" of removing cars and lorries from the road. "It spells out a strategy including increased costs, restriction of use and contrived congestion to disenchant the road user and thereby achieve their stated end."

If such measures were applied, the cars to disappear would be those of working people who "obviously would be those who are unable to pay the price of privilege."

The time had come, said Mr. Duffy, to redress the balance of the argument against the motor vehicle.

"We must all be aware that we have sufficient commercial enemies abroad without being asked to face those enemies while fettered by anti-vehicle policies at home. The British vehicle industry can spearhead the economic regeneration of this nation, but it seems we must first fight for the right so to do."

PARLIAMENT AND POLITICS

Shore argues for prompt start on building Windscale plant

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE BUILDING of the £600m. nuclear fuel reprocessing plant at Windscale by British Nuclear Fuels should start without further delay Mr. Peter Shore, Environment Secretary, told the Commons last night.

He also urged that the plant should be built to the full size proposed by BNFL.

Opening the debate on the report of the Windscale inquiry, Mr. Shore gave a long and detailed endorsement of the findings of Mr. Justice Parker as to why the project should go ahead.

He intends to bring before the House as soon as possible *the special development order* which will have to be approved by MPs. Their endorsement is necessary if work on the plant is to start.

The Secretary of State gave no time scale on this but, in fact, the order is expected to be laid *in the House about two weeks* after the Easter recess. It will include a list of safeguard conditions which were stipulated in the report by Mr. Justice Parker. These are intended to ensure that the local planning authority will have full powers to exercise *detailed control over the development.*

In his speech, Mr. Shore gave his backing to the favourable findings of Mr. Justice Parker on the environmental safety factors involved. He also emphasised that, in his opinion, the *reprocessing of nuclear waste would* not undermine our commitment to the non-proliferation treaty.

Arguing the case for proceeding with the programme immediately, he dismissed suggestions *that it should be delayed until* the outcome is known, in about two years' time, of the International Fuel Cycle Evaluation.

"I do not believe it is realistic to hope that if we delay construction the need for the new plant might meanwhile disappear," he declared. Without the plant, we would lose all prospect of the Japanese reprocessing contract and also contracts with other countries, such as Sweden.

"Several years have passed since negotiations with overseas countries began, and it is now two years since the Government gave approval in principle to the overseas contracts. It will be another nine to ten years before the plant will begin to operate."

On environmental risk, Mr. Shore added a note of caution. If he considered that *reprocessing* involved any serious radiological danger to the public or workers, there would be no queston of giving outline planning permission to the BNFL proposals.

He agreed with Mr. Justice *Parker's expression of satisfaction* over the safety factor. But he went on: "We do not live in a static situation. If new evidence causes us to revise our view of the radiological risks, we have both the obligation and the means to enforce higher standards.

"Should it prove necessary, in the light of fresh scientific evidence, to impose tighter requirements on BNFL, the Government would be able to do this and those requirements would have to be complied with if the reprocessing plant were to operate at all.

"I am satisfied that the level of risk and the controls at our disposal are not such as to require me to refuse planning per*mission.*"

On the question of the size of plant, Mr. Shore pointed out that, in any event, we would need to reprocess fuel from our own advanced gas-cooled reactors. Even with a minimum nuclear programme, we were *likely* to need a plant with a throughput of 600 tonnes a year.

"We believe we are in no sense undermining but are enhancing non-proliferation objectives by undertaking the reprocessing of fuel from non-nuclear weapon States. It is therefore right for us to allow the plant to be built to the size BNFL proposes."

However, if there was any question of undermining our interest in making the non-proliferation treaty effective, we could not and should not proceed with the plant.

On the economic side, he stressed that there were great advantages in the larger plant. "We would achieve significant economies of scale. There would *be big gains to the balance of* payments."

Mr. Shore said that he would shortly announce the appointment of the radioactive waste management advisory committee, originally announced last May, which would secure the *most expert advice available to* the Government on the management of radioactive waste.

On the international scene, he said that over 200 reactors were now under construction and a further 150 planned in some 27 countries. This was more than double the number built in the whole period up to 1973.

"Even with the most energetic pursuit of new sources of energy supply, substantial further development of nuclear power in the main industrial countries *and in the newly-industrialised* countries, too, seems unavoidable. It is clear that we have got to have a nuclear component if we are to maintain our industrial base and an acceptable standard of life."

Mr Shore endorsed Mr. Justice Parker's conclusions on the storage of waste. If it were stored indefinitely, there was a risk that it might deteriorate to a point where it was a serious hazard. "Reprocessing and vitrification seem the most promising approach in our circumstances to nuclear waste disposal" he commented.

He could give no absolute guarantee that attacks from terrorists would not take place along the lines some people feared. But the Government was *taking all possible security* precautions against this risk.

Mr. Peter Shore

Mr. Tom King, shadow Energy Secretary, said: "This is not a battle between nuclear enthusiasts and the environmentalists. There are plenty of sincere people who believe that the nuclear solution is the best environmental solution."

Tories had no desire to see nuclear power "extended beyond its needs." But there was a possibility our fossil fuel reserves might diminish. It would be the gravest irresponsibility to abandon the option of nuclear power now.

Commercial arguments had no relevance unless the project was basically safe. But there could be no "absolute safety," only *relative safety. The record of* the nuclear industry was remarkably good.

"The problem of nuclear power is not what has happened. It is the fear of what might happen. But these fears are *quite unproven, and the evidence* is extremely slender."

Mr. King said that Lord Justice Parker's report was valuable, and the Conservatives supported his recommendations. "We recognise that this marks a very important development in the *democratic procedure of discuss*ing a major project of this kind.

"We recognise that this is not perfect in every respect: Mr. Justice Parker draws attention to the number of problems implicit in it, but, on balance, it is a major success."

Mr. Arthur Palmer (Lab., Bristol NE), chairman of the Select Committee on Science and Technology, said that much opposition to the fast breeder reactor and reprocessing seemed to have followed newspaper reports about the Japanese contract which said we were becoming the "nuclear dustbin of the world."

Although fears had been unnecessarily aroused, it was important that all public doubts and reservations should be explored in public debate.

Alternative energy sources could never fill the gap that would be left when oil, and later coal, ran out.

Enoch Powell

ON *MARCH 1, Giles Merritt* wrote an article headed "Focus on Enoch Powell's constituency." It stated that Mr. Powell had been threatened with expulsion from the Unionist ranks at Westminster. We have made further inquiries and are satisfied that no such threat has at any time arisen and that Mr. Powell has at all times been in good standing with his party in Westminster.

Labour rejects election pact with Communists

BY RUPERT CORNWELL, LOBBY STAFF

TRANSPORT HOUSE has curtly rejected overtures from Britain's *tiny Communist* Party that it and Labour should go into the next general election on a partial common platform—covering race, disarmament and the reversal of public expenditure cuts.

The subject was dealt with very smartly, at yesterday's session, of the policy-making national executive committee which unanimously empowered Mr. Ron Hayward, the party's general secretary, to send an uncompromising letter of refusal.

"The Labour Party," it says, "has no desire to have any discussion or contacts whatsoever, with your party. We regard it and will continue to regard it, as we do our other political opponents."

The decision is in answer to an open letter last week from the Communists, of which 30,000 copies have been distributed, and sent to every Labour MP and trade union. With it, perishes any remote hope, however improbable, of some kind of electoral deal.

The reason, is not only the overwhelming hostility of Labour—and not only on its social democratic wing—to any links with the British Communists, but also an awareness that even the smallest gesture in that direction would afford priceless electoral ammunition for the Conservatives, who are already set to feature the "red peril" argument prominently in their election campaign.

Thes exchaneges coincide with the secret release felt in many areas of the Labour Party that the Left-wing *alliance* of Socialists and Communists was defeated in last weekend's French elections.

A Left-wing victory would have complicated still further the *efforts of the national executive committee* to work out guidelines to govern relations with the European Communist parties, both East and West.

Meanwhile, Mr. Andy Bevan, Labour's National Youth Officer, and avowed Trotskyist, is again in trouble with the party—this time for sponsoring a leaflet campaign aimed at stirring up unrest in Britain's classrooms.

The Prime Minister, who last year tried unsuccessfully to block Mr. Bevan's appointment, has indicated to Mr. Hayward *his displeasure* at the leaflet. Already 100,000 of them have apparently been run off, but yesterday the national executive committee blocked a further print run which had been planned.

The leaflet urges children to *join the recently-formed National* Union of School Students. This advocates pupil councils, guaranteed jobs for school leavers, a higher education spending, and an end to religious teaching and corporal punishment.

Bill on Drax introduced

A BILL authorising Government cash for the CEGB for second stage work on the Drax generating station, had a formal first reading in hte Commons yesterday.

The Nuclear Safeguards and Electricity (Finance) Bill, presented by the Energy Secretary (Mr. Benn), also introduces internationall-agreed safeguards on the non-proliferation of nuclear weapons. No date was fixed for the second reading.

Labour HQ cash call to unions

By Our Labour Editor

TRADE UNIONS are to be asked by the TUC chairman, Mr. David Basnett, of the General and Municipal Workers Union, to contribute to the £250,000 the Labour Party needs to hold and survey the site for its new headquarters in Walworth Road, South London.

Those who have not yet given money will be asked for contributions by the end of the month, according to the size of their party-affiliated membership.

Leaders of most of the major unions attended a meeting at Congress House yesterday when the decision was taken. They also agreed to set up a committee to work out a scheme under which the unions would own, perhaps as a co-operative, the new building and lease it to the party.

The last figure quoted for the cost of developing the site was £1.6m.

Unions are being asked by the party to swell the political fund from £330,000 to about £500,000 for the general election.

Labour 'more confident' at Garscadden

LABOUR'S candidate in the Glasgow Garscadden by-election said yesterday that his party was now "much more confident" about holding the seat than it had been earlier. It was finding a "very solid and good response" from Labour voters.

Mr. Donald Dewar said: "People are asking me about independence and are saying they don't like it. They are asking me about devolution—and the vast majority tell me they do like it, as I do."

MPs stampeded on decision—Abse

BY IVOR OWEN, PARLIAMENTARY STAFF

BRITISH Nuclear Fuels and the nuclear energy lobby were accused of proceeding with unnecessary haste by Mr. Leo Abse (Lab. Pontypool), who has led Parliamentary campaign urging a more cautious approach by the Government.

He complained that MPs were being "hustled and stampeded" and warned that Britain would be regarded as embarking on a course which would sabotage the *initiative taken by President* Carter to secure a pause throughout the world in the reprocessing of nuclear fuel.

Mr. Abse questioned why it was not possible to await the outcome of the International Fuel Cycle Evaluation, which would be known in about two years time.

This interval would allow the time needed to develop safer technologies, better institutional arrangements and the introduction of safeguards which would enable nations to achieve their energy objectives while preventing a spread of nuclear weapons.

Behind the Windscale decision, he said, lay the danger of a plutonium economy which threatened lives and liberty. The key question which British Nuclear Fuels had so far failed to answer was how could a delay of up to two years result in a terrifying energy gap?

Mr. Abse contended that the *main argument used by the* nuclear lobby was that delay would put at risk the securing of the valuable Japanese contract for the reprocessing of spent nuclear fuel.

Britain, in effect, was being asked to become a nuclear dustbin. While the monetary attractions were undoubtedly seductive, they should not be allowed to obscure the dangers of the posisbly appalling malignant side-effects.

Gallery critic joins assault on Varley

BY PHILIP RAWSTORNE

THE GOVERNMENT'S cuts in the steel industry roused a bitter attack from Labour MPs and protests from the public gallery in the Commons yesterday.

Mr. Eric Varley, Industry Secretary, outlining the proposals, was interrupted by cries of "shame" from the Labour back benches.

Doggedly, he insisted that neither the British Steel Corporation nor the country could afford the mounting losses of the industry.

The corporation had a steel-making capacity of 25m.-26m. tons but could sell no more than 17m. tons, he said. Even on the most optimistic assumption, the industry's present development plan was no *longer realistic.*

The Government's "step-by-step" rationalisation offered the only hope of maintaining a viable industry, Mr. Varley said.

Investment would be directed to improved productivity and quality; to retaining a flexibility that would enable the industry to meet a still uncertain future demand.

Workers made redundant would be generously treated and everything possible done to provide alternative employment.

In the Commons gallery, Mr. Gwilym ap Robert, Plaid Cymru candidate at Ebbw Vale in October 1974, shouted "Where is the alternative employment promised us. There has been 25 per cent. unemployment."

As three attendants removed *him, Mr. Robert added: "First* of all it was coal, then agriculture, then steel. I warn the House unless . . . ."

Sir Keith Joseph, Tory industry spokesman, also warned the Government that in starting to grapple with the industry's problems, it was still only tackling half the country's economic problems.

"*When will the Government* begin to tacqle the other half —the need to encourage the growth of new jobs, new firms and the expansion of existing firms by tax cuts?" he demanded.

Labour MPs jeered Sir Keith's intervention, but some then turned ferociously on Mr. Varley.

Mr. David Lambie (Lab., Central Ayrshire) said the plans would be greeted with "bitterness and anger." Deferment of investment plans in Scotland would exacerbate a situation in an area where the unemployment rate was already 35 per cent. "How can he justify that from a Labour Government?" he demanded.

Mr. Robert Cant (Lab., Stoke Central) denounced the proposals as "an act of betrayal"; and Mr. Jack *Ashley (Lab., Stoke S.)* accused Mr. Varley of abandoning commitment and promises.

There were heated exchanges between Mr. Neil Kinnock (Lab., Bedwellty), a member of the Select Committee that recently investigated the steel industry, and Mr. Dennis Skinner (Lab., Bolsover).

"It is the height of hypocrisy for members of the committee who voted for closures to come here now in synthetic indignation," Mr. Skinner said. Mr. Kinnock left his seat to argue angrily with him.

Through it all, Mr. Varley grimly repeated that it gave him no pleasure to have to announce the cuts. Investment in the industry would continue to be substantial but he warned that further rationalisation would still be needed after *1978-79.*

Mr. Varley admitted his mistakes—as Mr. Peter Walker reminded him, he had called for double the investment programme when it started in 1973.

He recognised the anger and disappointment in the steel constituencies. But Mr. Varley said as Mr. Michael Marshall (C., Arundel) charged him with *four* years of prevarication and delay, he would not be lectured by Conservatives *on the handling of the steel* industry.

Tories call for U.K. mission in Rhodesia

THE NEED for the British Government to set up a mission in Rhodesia was "absolutely paramount," Mr. John Davies, shadow Foreign Secretary, said *in the Commons yesterday.*

Describing the establishment of the four-man Executive Council in Rhodesia as "a major step," Mr. Davies argued that a mission could keep the Government properly informed of developments within Rhodesia and the activities of the council.

Dr. David Owen, Foreign Secretary, replied that the setting up of a mission was not a decision for the U.K. Government alone. When Tory backbenchers cried "Why not?" he *explained* that the illegal regime was able to control whether people stayed in Rhodesia or not.

"There might be conditions they might wish to apply which I might not wish to accept," Dr. Owen added.

He rejected a call from Mr. Malcolm Rifkind (C., Pentlands), for the Government to accept the new executive council as the de facto administration.

"We consider this new executive council to be illegal as was the previous regime." But the Government had to take account that it existed as it had done with Mr. Smith's regime.

Dr. Owen declared: "When it is appropriate, officials from my Department, or myself, will be prepared to discuss matters with the illegal regime."

Owen frowns on 'eye for an eye' doctrine

DR. DAVID OWEN Foreign Secretary, asked in the Commons yesterday about the Israeli raid into Lebanon, said that he had never believed in the doctrine of an eye for an eye or a tooth for a tooth.

"I do not believe international peace is helped by retaliatory action. But it would be idle to pretend that the Israeli Government and people were not very cruelly provoked," he declared.

Mr. Frank Hooley (Lab. Heeley), said that the "merciless slaughter" of civilians in southern Lebanon by the Israeli forces and the creation of another 100,000 Arab refugees did not indicate that the Israeli Government was much interested *in permanent peace.*

Replying to further questions, Dr. Owen said: "I do not believe that the Israeli Government wants to occupy the territory of the Lebanon. The speed of the withdrawal will be greatly influenced by the effectiveness and strength of the UN forces."

The RAF base in Cyprus would *provide* a safe and secure support base and contribute to the stability of the UN forces, he added.

Mr. Bruce Grocott (Lab. Lichfield and Tamworth) said that the Government should make clear to the Israelis that it was neither a very moral nor prudent policy to deal with terrorist attacks by an all-out war against a neighbouring State.

Mr. Eric Heffer (Lab. Walton) said that many Labour MPs, who had been staunch supporters of Israel, were very concerned over the response to a "dastardly terrorist attack." He added: "We are not in favour of the invasion of someone else's territory."

Tory immigration plans

BY RUPERT CORNWELL

THE LONG-AWAITED Conservative proposal to curb immigration into Britain will be announced on April 7 by Mr. William Whitelaw, home affairs spokesman, to a meeting of party workers in Leicester.

The Tory scheme will be finalised this week-end by the MPs concerned, in the light of Tuesday's Commons Select Committee report, whose stern conclusions are seen as vindicating Mrs. Margaret Thatcher's own much-criticised tough approach.

Like the all-party committee, the Conservatives are expected to go for a quota system for *migrants from the Indian sub*continent, with priority for certain categories. The Tories are also likely to promise a register of dependants, to end uncertainty about the number of potential immigrants to the U.K.

DAVID CHURCHILL EXAMINES THE WHITE PAPER ON BRITISH STEEL

Service and quality given priority

THE GOVERNMENT'S plans for the British Steel Corporation were outlined yesterday in a White Paper.

As expected, the Government has decided to defer proposed expansion of the corporation's plants at Shelton, Hunterston, and Ravenscraig. Instead, invest*ment is to be directed towards* improving quality.

The White Paper puts forward what is described as "remedial action" to put the corporation "back on the road to financial viability." But it makes clear that the prime duty for achieving this rests with the management and workforce.

"The Government acknowledge the importance of their own role and the contribution they can make to this. But it is essential that the country as a whole *should understand the problem* and support the remedies.

"This would help achieve our common objective of an efficient competitive, and profitable British steel industry in the 1980s, able to take advantage of the expected upturn in world *economic activity.*"

The Government's aim, therefore, is to "create an industry able to supply the steel needed by the country's manufacturing industries at the right price and in the right quality, to satisfy export demand, to provide a *secure livelihood for those em*ployed in it and to gain a proper return on the money invested by the taxpayer. The test will be the service given to the customer at home and abroad."

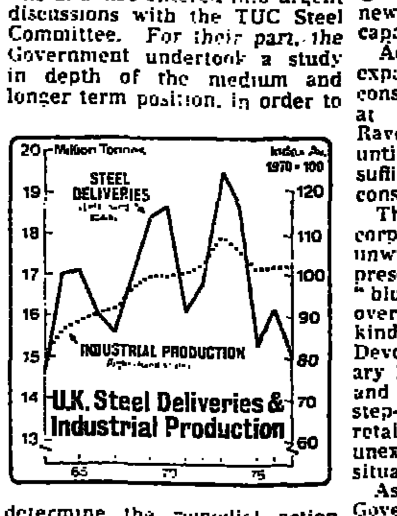
The White Paper puts forward two main reasons for the serious *problem of world over-capacity* for steelmaking.

"First, a huge amount of modern, highly productive new capacity was either completed or under way in Europe, Japan and the developing world before the Middle East war in October, 1973 and the steep rise in energy prices that followed it.

Second, the growth of world industry has, in recent years, fallen well below the rates predicted before 1974. All such forecasting is subject to a wide margin of error as subsequent events have shown. Demand for steel has tended to decline—at the very time when much of the new capacity was only just coming on stream.

The particular problems of British Steel, argues the White Paper, stem from a decade of low and sometimes misdirected investment in steel prior to the White Paper of February 1973.

"During the course of 1977 it became clear that the imbalance between world steel demand and world steelmaking capacity was likely to persist, and that (on unchanged policies) financial losses being made by the corporation would remain unacceptably high. The corporation put forward proposals for dealing with this and also entered into urgent discussions with the TUC Steel Committee. *For their part, the* Government undertook a study in depth of the medium and longer term position, in order to determine the *remedial action* necessary to put the corporation back on the road to viability.



"While the study was taking place, the Government agreed that the corporation should seek to negotiate terms for the early closure dates of high cost plants with the TUC *Steel Committee* and the local workforces concerned.

"These negotiations *are now* proceeding: they are a practical demonstration of the corporation's policy of seeking partnership with its workforce. Terms had already been agreed in September 1977 for the closure of the Clyde Iron Works. This was followed in December by agreement on the closure of the Hartlepool Steel Works, and in March 1978 on the closure of the East Moors Steel Works, Cardiff.

The White Paper points out that the corporation is suffering from substantial over-capacity at the present time and this is likely to persist over the next few years.

The over-capacity that would result from unchanged policies would be more costly than either the corporation or the country can afford. Accordingly, the corporation has proposed and the Government has agreed:

● The modernisation and expansion projects already approaching completion must be completed.

● There must be continuing substantial investment to improve product quality and so ensure competitiveness in the 1980s.

● There is no case at present for new starts on steelmaking capacity.

Accordingly, the proposed expansion at Port Talbot and the construction of electric arc plants at Shelton, Hunterston and Ravenscraig should be deferred until demand forecasts improve sufficiently to justify their construction.

The Government and the corporation believe it would be unwise at this low point in the present recession to establish a "blueprint" for future capacity over a period of years, of the kind set out in the Ten Year Development Strategy of February 1973. Both the Government and the corporation favour a step-by-step approach which will retain flexibility to adapt to unexpected changes in the situation.

As part of this approach, the Government have considered the corporation's approach to the problem in 1978-79 of "high cost" plants, in particular the "Beswick" review plants. The Government accept that the corporation should seek to negotiate closures at such plants in close consultation with the *TUC Steel Committee and local* workforces.

The corporation has already agreed terms for the closure of the Clyde Iron Works, the Hartlepool Steel Works and East Moors Steel Works. It will be for BSC to begin fresh negotiations at their discretion. No action will be taken without prior consultation with the TUC Steel Committee and the local workforces.

The Government's present view is that further rationalisation will be necessary in future but the Government believes this should be considered on the step-by-step approach described above, with later developments in the market situation taken into account. To achieve financial viability, it is necessary for capacity to move more into line with demand.

The White Paper says that everything possible will be done to provide alternative employment int he areas affected by steelmaking closures. In some cases, measures to improve infrastructure will also be needed if *the lost jobs are to be adequately* replaced. The Government will announce any necessary remedial measures when closure dates are announced by the corporation.

The effect of particular cut-backs are spelt out by the White Paper:

Hartlepool: As a Special Development Area Hartlepool is eligible for the full range of regional assistance at the highest rate available in Britain. The corporation intends to reclaim a slag bank for redevelopment as a light industrial estate. The Department of the Environment has now decided to make funds available under the Derelict Land Reclamation Programme to enable this to be expedited. The department will also discuss with corporation a possible scheme which would attract a 30 per cent. grant from the European Regional Development Fund towards the cost of providing infrastructure.

EAST MOORS: The loss of more than 3,000 jobs at the works will have an adverse effect on manufacturing employment in Cardiff. New developments in surrounding areas (such as the Ford plant at Bridgend) should offer new job opportunities, but they cannot on their own redress this closure.

There is need to diversify the industrial base of the city so that a wider range of employment and in particular more opportunities for skilled and manual workers can be provided.

EBBW VALE: Negotiations have started on Ebbw Vale, but they have not yet been completed.

CAPITAL DEVELOPMENT PROGRAMME: In the light of the market forecasts and its financial problems, the corporation proposes to give priority in investment as follows:

● Completion of schemes which are substantially under way, in particular Redcar IIB (with the associated schemes) and Ravenscraig III.

● Essential replacements and schemes which balance primary and finishing facilities.

● Investment in reliable new technology to improve product *quality and customer service.*

● Cost reduction schemes and projects with a rapid pay-back period.

● Spending on small schemes under £2m. at the maximum possible level, since these are gener*ally highly remunerative and* quickly executed.

The Government is prepared to approve this programme subject to annual review. It will require capital expenditure of £500 million at outturn prices in 1978-79 and a similar amount for 1979-80.

Products: The Government shares the corporation's concern about the need to maintain a continuing improvement in product quality so as to ensure the corporation's ability to compete in the *market* place *in the 1980s.*

However, the corporation fully recognises the need to upgrade the quality of Port Talbot production by installing continuous *casting facilities.* The financial evalution of this has still to be completed and the Government supports the corporation's wish to secure a renewed commitment of the workforce to operate the works at international manning levels and to commission the project *immediately on completion.* Subject to this, the corporation has every intention of proceeding with the continuous casting scheme and hopes to make a start on the investment in 1978-1979.

The corporation has an efficient tinplate business, *supplying the* great bulk of U.K. demands as well as substantial exports. The corporation will continue to invest in order to secure the future health and profitability of this business at the works in West Wales and at Ebbw Vale.

With the *deferment* of the new Teesside plate mill, the corporation will keep under close review the requirements and prospects of its plate business. Meanwhile, it will continue to invest in small schemes in steelmaking and mills to improve plate quality and service to customers.

FINANCE: It is clear that the corporation will need a substantial capital reconstruction although this would not, of course, affect the corporation's existing overseas borrowings which will be serviced and repaid in full at the due dates. The corporation's financial requirements for the time being will be met by subscription of capital under section 18(1) of the Iron and Steel Act 1975.

The immediate prospects for *profits are poor and no dividend* on the new capital is expected before the reconstruction. All the new capital subscribed under section 18 will, however, require to be remunerated by dividends after a reconstruction has taken place. Legislation will shortly *be presented to Parliament* to raise the current borrowing limit.

CASH LIMITS: It is the intention of the Government to continue settling the cash limit on a year-by-year basis. In doing so the Government will take account of the corporation's pro*gress towards improved operating* and financial performance.

PRODUCTIVITY: The funds required by the corporation will inevitably place a heavy burden on the national revenue. This application of resources to the corporation can only be justified if both management and workforces are committed to achieve viability through competitiveness on an international level.

The corporation's manpower productivity compares badly with that of other developed countries, in Europe as well as Japan and the U.S. Over the last three years the corporation produced about 100 tonnes of liquid steel per man year, as compared with 1976 figures of 150 tonnes in Germany and 120 tonnes in France.

Very substantial improvements are needed during the next five years if the corporation is to reach plesent levels of manpower productivity in Germany.

British Steel Corporation: The Road to Viability. Command 7149 HMSO price 35p.

Carliol
Investment Trust Limited

The 71st Annual General Meeting will be held on 21 April 1978. The following is an abbreviated statement by the Chairman, Mr. D. A. Pease:—

The improvement in sterling and falling interest rates, combined with the increasing flow of North Sea Oil and a more realistic wages policy, have reduced the UK rate of inflation.

The policy of holding a substantial proportion of assets in overseas securities, which has served well in the past, has this year adversely affected capital growth compared to the FT Ordinary Index. This rose by 19.6% whereas the US Dow Jones Industrial Index after allowing for the investment currency movements was down 29%. In this situation the net asset value of the ordinary shares at the year-end had increased by 4½%.

Gross income of the Company at £941,000 reached a record level and the total ordinary dividend has been increased by 16.7% from 3.30p to 3.85p. A second interim dividend of 2.85p will be paid on 31 March 1978. The annual distribution is now more than twice that of five years ago.

I find it difficult to view the British economic scene with a great deal of optimism. America offers attractive investment opportunities at the present time especially following the abolition of the 25% surrender of premium dollars arising on sales of securities, and I believe that well chosen equities which sell at historically low price/earnings multiples and which should consistently increase earnings and dividends in the years ahead, provide the best investment medium available.

SUMMARY OF RESULTS

	31.1.78	31.1.77
Total Net Assets	£17,894,176	£17,397,100
Net Asset Value per Ordinary Share	143p	137p
Net Revenue	£442,181	£370,015
Per Ordinary Share		
Earnings	4.21p	3.63p
Dividend	3.85p	3.30p

Copies of the Annual Report available from the Secretary at Milburn House, Newcastle upon Tyne, NE1 1LU. Telephone: 0632-28995.

The Tyneside
Investment Trust Limited

The 71st Annual General Meeting will be held on 21 April 1978. The following is an abbreviated statement by the Chairman, Mr. R. H. Dickinson:—

Over the past year the sterling/dollar exchange rate has improved from \$1.715 to \$1.95 to the £1, UK inflation has fallen from 16.6% to 9.9% and minimum lending rate from 12¼% to 6½%. This apparent transformation in the economic position has resulted from the disciplines imposed by the IMF coupled with the benefits to the balance of payments from North Sea Oil.

Reflecting these factors, the FT Industrial Share Index rose by 19.6% over the year. Conversely in the US, the Dow Jones Index declined by the equivalent of 29% after allowing for the fall in the investment premium and currency depreciation. Against this background the net asset value of the company's ordinary shares increased by 4½%.

Gross earnings increased by 14% after last year's rise of 23% and the Board have declared a second interim dividend of 2.85p per share, making a total of 3.85p, compared with 3.30p per share last year. Both earnings and dividend per share have more than doubled in the past five years.

In the United Kingdom industrial production remains at a low level and unemployment high. The outlook for the UK economy must depend to a great extent on the level of world trade. We believe the US government will take steps to correct its balance of payments deficit and that this will be reflected later in the year by an improvement in both the dollar and stock markets. We therefore plan to increase the proportion of our investments held in the US during the coming year.

SUMMARY OF RESULTS

	31.1.78	31.1.77
Total Net Assets	£10,227,717	£9,872,053
Net Asset Value per Ordinary Share	137p	131p
Net Revenue	£268,069	£223,026
Per Ordinary Share		
Earnings	4.08p	3.49p
Dividends	3.85p	3.30p

Copies of the Annual Report available from the Secretary at Milburn House, Newcastle upon Tyne, NE1 1LU. Telephone: 0632-28995.

PROPERTY

CONTRACTS AND TENDERS

Mouvement Populaire de la Révolution
République du Zaïre

(Office National des Transports)

ONATRA

B.P. 98 — KINSHASA - GOMBE — ZAIRE

So licitation of international tenders

Nº 8F/1200

ONATRA issues a so licitation of international tenders for the supply of the following equipments:

— LOT Nº 1: 4 (four), 6 (six), 8 (eight), 10 (ten) or 12 (twelve) DRY CARGO BARGES 1000 T., DWT.

— LOT Nº 2: 1 (one) WORK SHOP BOAT.

★

Suppliers of any country member of the World Bank plus Switzerland are admitted.

Tenderers may receive a complete documentation, against payment of 50 Z., by applying either to:

Secrétariat de la Direction des Approvisionnements
Building ONATRA — 1er étage
Boulevard du 30 Juin — KINSHASA

or in the

Embassy of Zaïre in their country.

★

Closing date for remittance of tenders is monday july 3rd, 1978 at 3 P.M. (local time).

They must be enclosed in a sealed envelope addressed to:

Président de la Commission des Adjudications
Cabinet du Délégué Général
Office National des Transports
B.P. 98 — KINSHASA 1 — ZAIRE

★

This is an international so licitation of tenders and interested foreign embassies are invited to call at ONATRA to receive the documentation.

Tenderers are invited to attend the bids opening session which is to take place in the general manager's conference room, Building ONATRA, 7th floor on monday july 3rd, 1978 at 3 P.M. (local time).

— ONATRA —
Le Délégué Général

COMPANY NOTICES

JUTLAND TELEPHONE COMPANY LIMITED

5¼% BONDS OF 1964

S. G. WARBURG & CO. LTD., announce that the ninth instalment of Bonds for a nominal value of U.S.\$666,000 (First Series) and U.S.\$333,000 (Second Series) have been purchased for redemption on 1st May, 1978.

U.S.\$4,006,000 nominal (First Series) and U.S.\$2,003,000 nominal (Second Series) will remain outstanding after 1st May, 1978.

30, Gresham Street,
London EC2P 2EB.
23rd March, 1978.

Sparekassen SDS
U.S. dollars 25 million
8¼ pct. capital notes 1982

Holders of the above notes are advised that the annual report and accounts for the year ended 31st December, 1977 of Sparekassen SDS are available at the offices of Manufacturers Hanover Limited, 8 Princes Street, London, EC 2P 2EN and at the offices of the other paying agents set out on the note certificate.

SPAREKASSEN SDS

ANGLO AMERICAN GOLD INVESTMENT COMPANY LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the forty-first annual general meeting of members of Anglo American Gold Investment Company Limited will be held at 44 Main Street, Johannesburg on Friday, April 14, 1978 at 9.30 a.m. for the following business:

1. To receive and consider the annual financial statements of the company and of the group for the year ended December 31, 1977.
2. To elect directors in accordance with the provisions of the company's articles of association.
3. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution, namely:

"That the directors be and they are hereby authorised:

(i) to allot and issue all or any portion of the 247 988 unissued ordinary shares of R1 each in the capital of the company, a such time or times to such person or persons and upon such terms and conditions as they may determine

(ii) to make arrangements on such terms and conditions as they may deem fit for the subscription by underwriters of:

(a) any shares in the company offered by way of rights issues but not taken up by the persons entitled thereto: and

(b) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on The Johannesburg and/or London Stock Exchanges during the period which they are quoted on such stock exchanges may be sold by the underwriters, and the net proceeds of any sale of such rights shall be paid to the company."

The transfer registers and registers of members of the company will be closed from April 4, 1978 to April 14, 1978 both days inclusive.

Holders of share warrants to bearer wishing to attend the meeting in person or by proxy must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak, and on a poll vote in his stead. A member personally present and any proxy appointed to represent a corporation may vote on a show of hands. A proxy need not be a member of the company.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per D. M. Davidson,
Divisional Secretary

London Office:
40, Holborn Viaduct,
EC1P 1AJ.
March 22, 1978.

BARLOW RAND LIMITED

PREFERENCE DIVIDEND No. 84

NOTICE IS HEREBY GIVEN that a Preference Dividend at the rate of 6% per annum for the half year ending 31 March 1978 (amounting to six cents per Preference Share) has been declared payable to all preference shareholders registered at the close of business on 7 April 1978.

The Transfer Books and Register of Preference Shareholders will be closed from 8 to 14 April 1978, both days inclusive.

Dividend Warrants will be posted to shareholders on or about 28 April 1978.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

(a) Persons, other than companies, not ordinarily resident nor carrying on business in the Republic; and
(b) Companies which are not South African companies.

The company will accordingly deduct the tax from dividends payable to shareholders where addresses in the preference shareholders' register are outside the Republic at the rate of 13.4977 per cent.

By Order of the Board,
W. C. WARRINER,
Group Secretary.

Registered Office:
Barlow Park,
Katherine Street,
Sandton,
2196,
South Africa.
Transfer Secretaries:
Rand Registrars Limited,
2nd Floor,
Devonshire House,
Braamfontein,
2001,
South Africa.
23rd March, 1978.

FIRST ANNOUNCEMENT

We herewith inform that warrant number 347236, issued on June 28th 1977 by Pakhoed Waalhaven B.V. at Rotterdam, as legal predecessor of Multi-Terminals Waalhaven B.V. at Rotterdam, covering:

2.500 bags of raw coffee
Weighing gross 150.903 kg.

has got lost.

In this connection we have been requested to consider above warrant number as null and void, reason why we request the parties concerned to refrain from buying upon presentation of this document and not to put the said warrant in pledge.

In case of presentation, please apply immediately to:

Multi-Terminals Waalhaven B.V.
P.O. Box 5242
3008 AE ROTTERDAM
Netherlands

GOLD FIELDS GROUP

NOTICE RE CLOSING OF REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the REGISTERS OF MEMBERS of the undermentioned companies will be CLOSED for the purpose of the Annual General Meetings as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Registers of Members closed (both days inclusive)
East Driefontein Gold Mining Company Limited	6 April to 13 April, 1978
Vlakfontein Gold Mining Company Limited	6 April to 13 April, 1978

By Order of the Boards.
C. E. WENNER, London Secretary.

London Office:
49, Moorgate,
London EC2R 6BQ.
22 March, 1978.

RENOWN INCORPORATED
NOTICE TO MEMBERS OF GENERAL MEETING

NOTICE IS HEREBY GIVEN, that the 33rd Ordinary General Meeting of the shareholders of the Company will be held on Thursday, March 30th, 1978 at 10.00 a.m., in the auditorium on the 5th floor of the head office of the Company, at 34-18 Jingumae 2-chome, Shibuya-ku, Tokyo for the following business:

To consider and, if deemed fit, to pass with or without modification the following resolutions:

PROPOSAL NO. 1

Approval of the business report, balance sheet, income statement and proposal for appropriation of retained earnings for the 33rd Business Term (from January 1st, 1977 through December 31st, 1977).

PROPOSAL NO. 2

Partial amendment of the Articles of Incorporation.

The following two articles are to be newly incorporated:

Article 29 (Time of conversion of Convertible Debentures).

With respect to the first distribution of dividends on shares issued upon conversion of Convertible Debentures issued by the Company, the conversion shall be deemed to have been made at the beginning of the business term during which the request for conversion was made.

Supplementary Provision

Article 30 (Transfer Agent for Debentures in Registered Form)

The Company may have a Transfer Agent with respect to its Debentures in Registered Form.

PROPOSAL NO. 3

Election of two directors.

Holders of E.D.R.S. are referred to Condition 11 of the Depositary Receipt, and are accordingly requested to forward their instructions with regard to voting to the Depositary.

NOTE—The following Notice appears in accordance with the listing agreement 10(C) of the Company:

"There is not any service contract granted the Company, or any subsidiary of the Company to any director or proposed director of the Company not expiring or determinable within ten years by the employing Company without payment of compensation "other than statutory compensation."

Robert Fleming & Co. Limited.
Depositary.

London
23rd March, 1978.

ALLIED IRISH BANKS LIMITED
U.S. \$30,000,000
Floating rate subordinated notes due 1984

In accordance with the terms and conditions of the floating rate subordinated notes due 1984, dated 24th March 1977, the rate of interest for the interest period from 28th March 1978 to 28th September 1978 has been fixed at 7⅞% per annum.

Agent Bank:
MANUFACTURERS HANOVER LIMITED

IMPERIAL GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 6.9% Unsecured Loan Stock 2004/09, the 7.5% Unsecured Loan Stock 2004/09, the 8% Convertible Unsecured Loan Stock 1985/90 and the 10.5% Unsecured Loan Stock 1990/95 of Imperial Group Limited will be closed for one day only on 5th April, 1978, for the preparation of interest warrants.

By Order.
P. M. DAVIES, Group Secretary.
London,
22nd March, 1978.

CITY OF MONTREAL

3% PERMANENT DEBENTURE STOCK

NOTICE IS HEREBY GIVEN that the Transfer Register will be closed from 14th April to 28th April 1978, both dates inclusive.

Registrars:
THE ROYAL BANK OF SCOTLAND LTD.
Registrar's Department,
16, Old Broad Street,
London, EC2N 1DL.

KLEINWORT BENSON INTERNATIONAL FUND N.V.
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 11TH APRIL, 1978

Notice is hereby given that the annual general meeting of shareholders of Kleinwort Benson International Fund N.V. will be held at the office of the company, Handelskade 8, Curacao (Netherlands Antilles), on Tuesday, 11th April, 1978, at 10.00 hours (local time) for the purpose of:

1. Approving the company's statement of assets and liabilities as at December 31st, 1977, and its statement of income and expenses for the year ended 31st December, 1977.
2. Approving the declaration of a dividend payment of 22% equal to US\$0.22 per share.
3. Approving the transfer of US\$1,182,020 to capital reserve.
4. Approving the appointment of Mr. John F. T. Trott as a member of the Supervisory Board.
5. To ratify the appointment of Messrs. Coopers and Lybrand S.A., Geneva, as the auditors of the company for the year ending 31st December, 1978.
6. To transact such other business as may properly come before the meeting.

Holders of bearer shares wishing to exercise their rights at the meeting should deposit their shares with Kleinwort, Benson (Geneva) S.A., place du Rhône 2, 1211 Geneva 11 (Switzerland), or at any other bank which is acceptable to Kleinwort, Benson (Geneva) S.A., not later than 17.00 hours (local time) on 6th April, 1978, against receipt thereof, which receipt will entitle said shareholder to exercise such rights.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares obtained from Kleinwort, Benson (Geneva) S.A., or any other bank that is acceptable to the aforesaid bank, to Kleinwort, Benson (Geneva) S.A., place du Rhône 2, 1211 Geneva 11 (Switzerland). Holders of registered shares may also vote by proxy by means of a form of proxy, obtained and filed in the manner described in the preceding sentence. Proxies and/or certificates of deposit must be received by Kleinwort Benson (Geneva) S.A. not later than 17.00 hours (local time) on 6th April, 1978, in order to be used at the meeting.

Curacao.

ELECTRICITE DE FRANCE
National Service
Public Corporation of the French State
(Law on nationalization of Electricity and Gas of April 8, 1946)

Registered Office: 2, rue Louis Murat, PARIS (8 ème)

BONDS 7¼% 1971-1978 OF \$1,000

Debentureholders 7¼% 1971-78 of \$1,000 are informed that all the stocks are wholly redeemable at par at the final maturity on May 1, 1978.

BONDS 8.50% 1971-1986 OF \$1,000

Numerical List

(1) of series including the 800 bonds 8.50% 1971-1986 of \$1,000 drawn by lot on March 8, 1978 (fifth drawing by lot) which make up the \$800,000 nominal amount to be redeemed on May 1, 1978
10677 to 11476
(2) of series drawn by lot at the previous drawing among which figure the bonds not yet presented for reimbursement
19736 to 20000
1 to 135

These bonds will be redeemed at \$1,000 at the office of the FRENCH AMERICAN BANKING CORPORATION in NEW YORK and at the offices of the following banks: BANQUE NATIONALE DE PARIS PARIS—BANQUE DE PARIS ET DES PAYS-BAS PARIS—CREDIT LYONNAIS PARIS—SOCIETE GENERALE, PARIS — CREDIT COMMERCIAL DE FRANCE PARIS—LAZARD FRERES ET CIE, PARIS—BANCA NAZIONALE DEL LAVORO ROME—SOCIETE GENERALE DE BANQUE BRUXELLES—BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND DUCHE DE LUXEMBOURG, LUXEMBOURG—DEUTSCHE BANK AG, FRANCFORT—ALGEMENE BANK NEDERLAND NV, AMSTERDAM—BARCLAYS BANK LTD LONDRES.

Outstanding amount: \$16,800,000.

OLYMPIA (REDACRE) LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Transfer Registers of the Company will be CLOSED from 7th April, 1978 to 24th April, 1978, both dates inclusive.

By Order of the Board,
D. KINDER,
Company Secretary.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS
Speed-up for complex designs

RACAL-REDAC has launched a speeded-up design service for complementary metal oxide silicon (CMOS) devices and has named it "REDMOS."

The new service utilises the Redac IC design system with its software for cell-based layout and the expertise of the Racal-Redac design team.

Typically, given a 200 gate customer's logic diagram, electrical specification and function test pattern, Redac will provide the results of logic simulation within two weeks, with completion of the design achieved within a further four weeks. Prototype samples are then manufactured and delivered to the customer.

More data from Racal-Redac, Newtown, Tewkesbury, Gloucestershire GL20 8HE.

● ENERGY
Oil to gas and back with ease

USERS of natural gas, who must ensure uninterrupted production, need to have an alternative to gas as a fuel. Distillate oils offer the best alternative for augmentation of energy sources during periods of natural gas curtailment. Oil-gas systems permit industrial operations to utilise natural gas when available, while supplying energy from oil on a stand-by basis during peak demand, high gas cost or temporary curtailment. However, for all of its advantages over native energy sources—propane and coal—distillate oil, when used as a liquid has disadvantages.

Vaporised fuel oil systems, developed by KTI in the Netherlands, give the benefits of using distillate oil while overcoming the drawbacks of standard liquid fuel oil conversion systems. Additionally, the VFO-fuel system offers substantial savings, both in installation and operating costs.

The external, free standing VFO fuel system equipment uses thermal means to vaporise fuel oil and deliver it to existing gas burners. This vaporised oil burns with the same characteristics and with the same thermal efficiency as a natural gas flame. For all practical purposes it is a natural gas flame.

Because of its flame characteristics, the VFO fuel system permits one set of existing gas burners to operate on 100 per cent. fuel oil or any varying ratio of gas to oil. Fuel changeover is instantaneous without thermal shock.

Oil can be used, as needed, to maintain operations or when it is more cost effective than natural gas. And because the flame is similar to a natural gas flame there are no coking or burner plugging problems and no contaminants in the furnace. No major modifications to furnace structures are required.

KT Services, Bredewater 26, 2700 AB Zoetermeer, Holland.

● INSURANCE
Policy service set up in London

COMPUTERISED unit-linked life insurance implemented for the TSB Trust Company, is to be marketed by CMG (City of London), as a bureau service or for installation on clients' own equipment.

Developed by CMG City's insurance and banking division, the system is currently running at its Croydon data centre and is to be transferred to TSB's new computer installation at Andover later this year.

The service will interest organisations offering unit-linked life insurance schemes, especially where business is expanding. It has been designed to reduce the overall administrative and accounting work-load while retaining accurate audit trials. This enables companies to keep to a minimum the number of additional clerical staff necessary to handle new business while maintaining a high standard of client service.

The system takes edited details from standard proposal forms and includes facilities to validate premiums against sums insured and carry out automatic underwriting, provided the proposal conforms to pre-determined rules. For example, if the sum insured is below the re-insurance limit, the proposed life has cleared the health questions, and is within the height/weight limits, the policy will be automatically underwritten by the computer and policy number issued.

Sub-standard and high-insurance cover cases are reported and held on a computer file for approval or manual underwriting as required.

Emphasis is placed on comprehensive management and control reports ranging from detail sheets for each type of policy on each proposal and daily summaries, to policy registers and annual unit allocation statements.

A daily summary containing full audit trails is produced giving the total number of policies held for queries and manual underwriting. Proposals are broken down by numbers outstanding for three, five, seven and nine weeks.

The policy register shows all proposals accepted during the computer run in policy number order. Each policy having a sum insured greater than the reinsurance limit is highlighted, as are all manually underwritten policies.

Unit allocation statements are automatically produced for each policy holder on the anniversary of joining, detailing premiums paid, units allocated over the past year, the brought forward value, the carried forward value and the current bid price and value.

The system also reports on premiums paid, amount invested and units allocated to date, together with the number of premiums overdue, the investment fund, the status of the policy and the date that the policy is paid up to.

Other reports cover outstanding proposals, listings of policies manually underwritten, accepted payments, cheques reconciliation, payment errors, new policy statements and even overdue premium letters.

CMG (City of London), 73, Leman Street, London, E.C.1. 01-481 3887.

● INSTRUMENTS
Panel meter is digital

AN ALTERNATIVE to the analogue panel meter is a 3½-digit, flat-pack digital meter by the instruments and controls division of Fairchild Camera and Instrument Corporation.

Model 30 panel meter operates from 5v dc input voltage with typical power consumption of 0.75W. With the display blanked, power consumption can be reduced to 0.5W typical.

The 3½-digit display is 0.5 inches high with automatic minus sign. Decimal points are externally programmable and display blanking is standard for power-saving applications. It fits NEMA and DIN standard panel cuts with a height of 1.44 inches and a width of 3.59 inches.

Model 30 DPM utilises a bonding method similar to that used on digital watches and clocks. The integrated circuits are welded directly to the circuit board with protective covers placed over them. A moisture-protective coating is then applied, covering the entire board including the few discrete components. The process enables overall size to be reduced by eliminating the integrated circuit packages. In addition, reliability is improved. The model actually meets or surpasses the specifications of higher-priced or larger instruments.

Fairchild Systems Division, John Scott House, Market Street, Bracknell, Berks. (0344) 21101.

● PROCESSING
Thorough clean-up of waste gas

A NEW concept in gas cleaning is being launched by PD Process Engineering, of High Wycombe, division of the Powell Duffryn Group company, PD Pollution Control. The latter's interests include industrial waste disposal, the design and construction of process plants for water, effluent and sewage treatment and industrial cleaning and maintenance services.

The concept is based on a method of combining electrostatic precipitation and venturi scrubbing without the inherent disadvantages of either system. The new combined units require less energy input and less space than conventional equipment.

PD Process Engineering has the capability to design and construct such EDV systems to suit the specific needs of any process plant. Capital costs are competitive with alternative methods, while emission levels are within current legislative requirements.

The electro-dynamic venturi scrubber works through the condensation of water on dust particles, accompanied by ionisation in an electric field with subsequent collection by impaction and electrostatic attraction.

Particulate-laden gas is saturated with water vapour in a chamber prior to entry into the venturi section where expansion of the gas produces condensation of water on to the dust particles. The wetted dust is then ionised with a negative charge from an electrode, while a positive charge is induced in the counter-current water spray situated at the exit from the venturi.

As the dust-laden gas passes through the spray water, the charged dust particles are captured by impaction and through electrostatic attraction. This is particularly effective in removing mist, eliminating water droplet carry-over and results in a highly buoyant plume.

Energy consumption of the EDV units is relatively low because efficient water condensation takes place with only a modest pressure drop (typically 2-4 inches water gauge) between the saturation chamber and the venturi. Further energy saving is achieved by the use of an induced draught fan displacing wet gas at low temperatures and correspondingly lower volumes.

The idea was first put to practical use in France.

PD Process Engineering undertakes complete system design and installation backed by an experienced multi-discipline project organisation.

Powell Duffryn on 0606 76800.

● AGRICULTURE
Quieter chainsaw

MILES ROYSTONE of Nottingham has gone into production with the Hydrasaw—a chainsaw in which the integral internal combustion engine is replaced by a hydraulic motor which can be coupled by up to 30 ft of hose to a suitable tractor or other hydraulic power unit.

Main result is a much quieter working environment, with no fumes and no starting problems. Response is also quicker: a pull on the trigger produces maximum power almost immediately and its release gives an instant stop. There is no danger of over-run.

Models are available with 18 and 22 inch cutting bars, although other sizes can be supplied to order. The units operate on three to four gallons per minute at about 2000 psi. Weight is 8 kg (17 lb).

The company claims that with few moving parts there is little to go wrong or maintain: the oil that powers the unit also lubricates it.

More from Priory Works, Mansfield Woodhouse, Nottingham NG19 9LN (0632 27157).

Bartoline, of Beverley, Yorks., has installed this automatic filling machine, pictured above, which was made by Neumo, of Newhaven, East Sussex, and is one of the latter's latest designs of this type of equipment. The machine is being used for products ranging from turpentine to lubricating oils and it is claimed that containers with capacities ranging from 1 litre to 25 litres can be filled to an accuracy of plus or minus 25 per cent. by volume.

● DATA PROCESSING
Safeguards for systems

OFFERING a service in computer security and the effective management of risk to computer installations and their users is a consultancy, called Hallet Home and Company.

It is concerned not so much with the question of data privacy or the misuse of private data—although these form part of the brief—but more with a company's financial vulnerability to the risks associated with computer use.

A typical case quoted is that of a company that has invested in a system and where, after a few years, all the people originally versed in its design have moved on. Frequently, says Hallet Home, only the value of the hardware is insured—a sum which, in the event of a fire would not cover reinstatement.

Hallet Home will systematically analyse a system's vulnerability to risks that include fraud, vandalism and unauthorised use. It will tabulate each activity, assess its exposure to risk, and indicate probability and extent of loss, quoting a worst case situation for insurance purposes.

More from 1, Heathfield Gate, Midhurst, Sussex (073081 4522).

Low power display

A NEW 8-character alphanumeric display for use in the computer terminal industry, designated MAN 2815 consists of eight 3.43 mm, red characters. Each character is a 14-segment display, capable of presenting all alphabetical and numeric symbols, as well as 26 additional characters that would be of use in the presentation of intelligent information.

The new unit features very low power consumption, as low as 0.5 milliamp forward current, or 1.0 milliwatt per segment. This low power makes the unit easily compatible with microprocessors and related circuitry. The average luminous intensity per segment is 100 microcandelas, typical, and 60 microcandelas, minimum, at a forward current of 2.5 mA.

Physically, the unit measures 35.3 mm end-to-end, with a character spacing of 4.45 mm. This allows as many as 32 characters in a 142. 2 mm panel space since the modules are stackable end-to-end.

Monsanto, 10 Victoria Street, London SW1H 0NQ. 01-222 5678.

Quick disc for minis

TWICE the capacity and data transfer rate of the company's previous comparable system is offered by Data General in the 20 Megabyte model 6070 cartridge/disc ubsystem.

Each drive employs a single spindle with one fixed 10 Megabyte platter and one removable 10 Megabyte disc cartridge. This basic system can be extended from 20 to 80 Megabytes on a single controller by adding up to three 6070A disc drives.

Data transfer rate is 625k bytes/sec and there is also a larger controller data buffer.

Seek times are 10 milliseconds track-to-track, 38 ms average and 70 ms maximum. Rotational speed is 2.400 rpm, reached from stationary in 35 seconds.

More on 01-578 9231.

More power to Motorola micros

LONG-TERM arrangements have been made between AMI Microsystems and Motorola, for technical interchange and patent crosslicensing for the latter's 6800 microprocessor family. This is an extension of a relationship between the two companies which began with the signing of the first agreement on the 6800 in 1974.

Under the new agreement, AMI will second-source the 6802 microprocessor and the 6846 memory input-output device which, together, constitute the 2-chip version of the 6800 family. Also, AMI will second-source the 6854 and 68488, along with other peripheral circuits, with production of all these products planned to begin late in the first quarter of 1978. AMI additionally plans to second source the 6801 and 6809 microprocessors scheduled for introduction by Motorola in 1978.

AMI Microsystems, 108A, Commercial Road, Swindon, Wilts. 0793 31345.

Advertising and...

Eden Vale changes gear

IN WHAT IT calls a dramatic change of emphasis, Eden Vale, the U.K.'s largest manufacturer of short-life dairy products and one of the largest producers in the world, is switching its Eden Vale brand advertising from TV to the Press. Instead of emphasising individual products it will go for a corporate-style sell promoting the whole range.

It is not spending a great deal by to-day's standards—£250,000—but it will be spent purely in magazines to catch 96 per cent. of all housewives and is the culmination of what Eden Vale says has been a carefully planned strategic approach to the market where it claims five out of six brand leaders.

Says the company: "Eden Vale is switching its emphasis at a time when total grocery market sales are down 5 per cent. but when the short-life dairy product section, within the grocery market, is up 5 per cent." The short-life sector is worth £131m. at present. Eden Vale claims 26 per cent. of cream sales, 44 per cent. in yogurt, 51 per cent. in cottage cheese, 29 per cent. in salads and 17 per cent. in desserts. The market has grown by 144 per cent. since 1973.

● WIMPY INTERNATIONAL, which claims to be Britain's biggest hamburger chain, is about to launch a £500,000 campaign for its 625 branches. Produced by Geers Gross, the company will run on TV and radio and, in some areas, the cinema. The intention is to "re-establish the importance of the hamburber."

● MAJOR PRODUCT areas including dairy products and frozen food covered in the Research Surveys of Great Britain study of the catering market amount to £500m. a year. Over four weeks, for example, cafes and restaurants spent over £3m. on frozen fish and chips. Canteens spent £1m. on tea a nd coffee over the same period while catering establishments purchased 1m. litres of squash. Cash and carries accounted for 38 per cent. of all purchases of cooking oils but only 3 per cent. of cooking fats.

● NOEL EDMONDS, disc jockey, is compering the "Cookability Road Show" in the latest TV series for gas cookers. By Ogilvy Benson and Mather, the 30-second commercials highlight the advantages of gas cookers. The campaign ends on May 28 and there will be a further burst in the autumn.

● DESPITE THE growing impact of foreign car imports, British makes are still owned by four out of five U.K. motorists, according to the NOP Motoring Data Book which comprises 140 tables of data and covers household penetration, type of motorist, car details, new car owners, company car owners, and private car owners. It will be available from NOP Market Research from March 31 at £95.

● TOP WINNER in the Sales Promotion Executive Association's annual awards was the Osram (GEC) Cash Box and Key promotion aimed at business buyers and devised by Cato Johnson GLH.

● REPORTED BILLINGS of SSC and B: Lintas, excluding the U.S., have reached $561m. for an income of $88m. Internationally, the group has gained new accounts from clients like Johnson and Johnson, Pepsi-Cola, Renault and Richardson-Merrell in the past 12 months.

Food makers still rule

BY MICHAEL THOMPSON-NOEL

FEW COMMENTATORS on advertising matters are able to blend pungency with pertinence in quite the manner achieved by Harry Henry, whose latest contribution to an understanding of the art has been to tackle the misconception that the baton of food advertising is rapidly passing from the food manufacturer to the food retailer.

Writing in the current issue of *Admap*, Prof. Henry agrees that since 1970 there has been a very rapid increase in *total* retail advertising—from £22m. at current prices in 1970, according to MEAL, to £130m. last year—against a much more modest increase in advertising by food manufacturers—from £66m. in 1970 to £143m. in 1977.

But the notion that the function of food advertising has been wrested from the food manufacturer by the food retailer says Prof. Henry, would be tenable only if food retail advertising were identical with all retail advertising, or had been behaving in the same way.

"In fact, even in 1970 food retail advertising was only 23 per cent. of all retail advertising, and over the next six years ran at around no more than 18 per cent. (though in 1977 it made a partial recovery, to 21 per cent.). The confusion between the two, though unforgiveable, is understandable: food manufacturers tend to be more articulate than most other manufacturers, write more articles, and speak at more conferences, so that their complaints about the brutality of the retailers with whom they deal have tended to colour the whole of a much wider field."

In reality, the very substantial increases in MEAL retail advertising between 1970 and 1977 were attributable mainly to expenditure by non-food retailers, says the author, which at constant prices increased five-fold during the period (from £6m. to £30m.) whereas advertising by food retailers little more than doubled, from £5m. to £11m.

(For 'food retailers,' Prof. Henry is using MEAL's 'chain, grocery and co-op' category, which includes a fair amount of non-food advertising, though this is approximately counterbalanced by the fact that for 'non-food retailers' he is employing MEAL's 'department and retail stores' category, which includes the important food business of multiples like Debenhams, Lewis's and Woolworth.)

The lack of any relationship between food manufacturers' advertising expenditure and that of food retailers, says the author, can be seen by comparing their year-on-year changes in expenditure at constant 1970 prices (see table): between 1972 and 1975 manufacturers' advertising dropped by almost £22m. while retailer advertising increased by less than £2m.

"In the light of these figures it would be really somewhat absurd to suggest that the whole pattern of food advertising as we know it is changing radically: changes there certainly have been, but they are hardly revolutionary."

That is not to discount *any* relationship between the behaviour and demands of the food retailers and the ability—or inability—of the manufacturers to maintain their advertising spend, says Prof. Henry:—

"The hypothesis that, over the past few years in particular, the giant grocery chains have used their buying muscle to wring from the food manufacturers and suppliers still further margins, discounts and allowances may well be true (though difficult to document) and it is also possible that this has been one of the factors making for the reduction in manufacturers' advertising (though there are alternative hypotheses which may ultimately prove more robust).

"What *is* clear is that, despite what may be thought to be recent upheavals, the task of advertising food above the line is still essentially in the hands of the food manufacturers, not those of the retailers."

YEAR-ON-YEAR CHANGES IN ADVERTISING AT CONSTANT (1970) PRICES (£m.)

	Food manufacturers	Food retailers
1970-71	+ 1.6	−0.1
1971-72	+ 7.8	−1.4
1972-73	− 5.9	+0.1
1973-74	−12.7	+0.9
1974-75	− 3.0	+0.9
1975-76	+ 1.0	+0.4
1976-77	+ 2.4	+2.5

Source: MEAL

The Marketing Scene

A profile of Euro-youth

BY WINSTON FLETCHER

THE YOUTH of Europe is alive and well and not very radical. This reassuring information was revealed by McCann-Erickson this week at an IPA Society seminar on The Consumer of the Future. McCanns had researched a sample of pan-European 10-25 year olds' attitudes to their home life, morals, and aspirations — simultaneously noting their expenditure patterns and ownership of goods and chattels. The results, analysed country-by-country, painted a surprisingly homogenous statistical portrait notably at variance with that usually depicted in the media.

For a start, the great majority live at home—more than 90 per cent. of 15-19s, and over 60 per cent. of 20-25s in most countries. Moreover, about 80 per cent. like it that way. For example, just 23 per cent. of young Germans say they "want to leave home as soon as possible," and in the last decade this figure has increased by only 4 per cent. from 19 per cent.; which is less than astounding given that 87 per cent. of the German sample agreed with the statement that "Our home is very gemuetlich."

Maybe they're so contented because of the growing number of consumer durables they now own. Across Europe, 86 per cent. owned a watch, 48 per cent. a camera, 47 per cent. a radio, 37 per cent. a cassette recorder, 22 per cent. owned hi-fi equipment, 20 per cent. a car and so on; and the German back data established that many of these percentages had trebled or quadrupled since 1966.

To feed their electrical noise-making gadgetry they of course need voluminous supplies of reproductive software, and 55 per cent of U.K. 15-25 year-olds had bought an album, single or cassette in the previous month.

Apart from sounds galore, what else do they spend their youthful shekels on? They're keen on eating out and on take-away food, and the majority of them enjoy a regular noggin' like their mums and dads—57 per cent. of the U.K. sample, for instance, had drunk alcohol within the last month. (The alcohol consumption figure seemed puzzlingly low in France, at only about 30 per cent., until the McCann's researchers discovered that the French don't consider wine to be alcohol and had answered the question accordingly!) As everyone knows, they go to the cinema a lot; but it's less well known that they also spend highly on books and magazines—the content and quality of which the research left unspecified.

The final revelation in the expenditure sectio nof the survey was that an encouragingly high proportion are enthusiastic savers, especially those who go to work. The young British tend to save a bit more than the rest, and females tend to save more than males, but the great majority try to save something and an astonishing 45 per cent. of U.K. girls in the 15-25 age group claim to save £10 per week or more. Despite which a fair proportion of the respondents in each country agreed with the statement "It's a problem being broke all the time"—another sentiment which it is fairly safe to guess they share with their elders.

Money, then, is a subject of as paramount interest to to-day's youngsters as it is to to-day's oldesters; and so is work. Jobs are the main thing they worry about. They want to be well trained and are anxious to do well. Above all, they are concerned that their work should be *interesting*, as well as well paid; and even in their teens approximately one-third are already worrying about long-term job security—whereas "not having to work too hard" is rated extremely poorly.

Moreover, 75 per cent. plus in every country believe "it is wrong for people to stay away from work if they are not ill" (though a good few admit to doing so occasionally); and the great majority, over 80 per cent., take a hardline with the unemployed, believing that "they could find work if they tried." The puritan work ethic still runs deep and strong, a sharp contrast to the idle layabout stereotype generally reflected in television and the Press; it is a generation of workaholics in the making.

Turning to the arena of morals and ethics, it came as no shock to learn that only a small minority of 15-25's think it wrong to sleep with or live with their boyfriend/girlfriend. Even in the traditionally strong religious countries like Italy and Greece, the proportion opposed to premarital cohabitation did not exceed 40 per cent.

Nevertheless, more than 80 per cent. of those as yet unmarried expect to get spliced one day, even if nearly half accept divorce as being neither wrong nor unlikely. All of which seems realistic, if unromantic.

Between two-thirds and 95 per cent. of them, depending on the country, believe smoking marijuana to be wrong; and in no country would more than 25 per cent. even consider trying it. However, alcohol, as we have already seen, generally escapes their moral censure — though approximately 50 per cent. think it wrong actually to "get drunk at parties," and 70 per cent.-plus state they would not drive after drinking. In both instances, however, the young British seem markedly less temperate than their Continental cousins, with only 56 per cent. in the U.K. saying they would never drink and drive. (Which is of course not at all the same as saying they would drive when drunk).

On political issues, European youth is broadly in favour of worker participation, against nationalisation, in favour of greater protection of the environment and of governmental control of products; but aggressively against terrorism and violence, 95 per cent. or more believing that their State should act strongly against terrorists. So much for the widespread popular young rebellion claimed by Baader-Meinhof and the Brigate Rosso.

Their support for Governments does not however go as far as enthusiasm for paying taxes: around one-third freely admit they would dodge paying taxes if they could. Only about a quarter believe there to be a likelihood of a nuclear war in their lifetime, and only a small minority foresee the end of capitalism; though communism, they think, is on the increase, but not in their country.

Finally, when asked what things were important for happiness, they overwhelmingly answered good health, intelligence, and sense of humour—the last being particularly favoured by the young British, if less popular with the French and Germans (surprise, as they say, surprise). So far as being happy goes, it is not, they opine, much help to be rich, beautiful, modern or slim. I couldn't disagree more; but then, miserably, I'm no longer aged 10-25.

Winston Fletcher is managing director of Fletcher Shelton Delaney.

Me-too products in decline

BY PETER KRAUSHAR

AS RALPH KANER, marketing director of Rowntree Mackintosh, said at the last Marketing Society conference, if a company is serious about new products it must reflect this in its organisation and over a long period of time. It is no good being serious for only a year; the right kind of effort may well take six to seven years before the real benefits of an intensive programme are reaped.

Ralph Kaner's point is reflected in KAE's study, New Products in Grocers, 1978, the fifth in the series, which has arrived at a time when companies are reviving the scope of their development programmes. Research among grocery buyers clearly shows how a small number of companies are rated the most successful each time in terms of new products: each one is obviously serious about them and has been for years.

Pedigree Petfoods, though not producing many new products, was ranked first this year, as the trade obviously respects its professionalism and success in the petfood market. United Bicuits has moved up steadily and has either been first or second in the last three surveys, following the successful marketing of a number of important new biscuits, while Birds Eye has become equally well known for its new product record in frozen foods and Lever Brothers in non-foods.

Heinz did little of note in this area in the 1960s, but its efforts in the early 1970s brought it first place in 1974, though it has lost a little ground since then. Procter and Gamble was the company most respected by the trade in 1970 and 1971; in the last three surveys, however, it has gradually but consistently lost ground in line with its relatively disappointing U.K. performance recently. Similar information is available on all the other major grocery companies, but only on request by the company concerned, as it is not always flattering!

One of the points to emerge from the survey is the importance of launching products which are not just exactly the same as those on the shelves but promise the grocery buyer that his overall business will expand. Good new lines are still given adequate distribution. Analysis of 18 successful grocery lines listed by buyers in the previous KAE survey shows the following average sterling distribution levels: Large multiples, 72 per cent.; small multiples, 75 per cent.; symbol independents, 59 per cent.; non-symbol independents, 45 per cent.; Co-ops, 72 per cent.

It is interesting, however, that the large multiples have been a little less reluctant to provide distribution than the small ones. As the importance of the large multiples continues to grow, manufacturers will need to take care that their new products are in line with what the trade wants as well as with consumer needs, so the reasons for refusing to stock new products are relevant.

According to the KAE survey, the main reasons given by grocery buyers for refusing to stock new products were as follows: no product advantage, 76 per cent.; no shelf space, 53 per cent.; poor product quality, 47 per cent.; little advertising support, 46 per cent.; a declining market, 44 per cent.; no introductory bonus, 23 per cent.; product coming from a small company, 10 per cent.

TOP NEW PRODUCT RANKING BY GROCERY BUYERS (OUT OF 47 COMPANIES)

	1970	1971	1974	1976	1978
Pedigree Petfoods	4	2	6	4	1
United Biscuits	9	6	2	1	2
Birds Eye	3	3	3	6	3
Lever Bros.	5	7	9	2	4
Heinz	10	15	1	3	5
Procter & Gamble	1	1	4	5	6

Source: KAE.

By far the most important reason for refusing a new product was lack of product advantage. It is interesting that when we asked the same question in 1970, lack of product advantage was only third among the same seven listed reasons.

The same theme is reflected yet again in the grocery trade's views on the most successful launches of 1977: Cheesecake (any brand), 27 per cent.; Green's Cheesecake, 11 per cent.; Lyon's Cheesecake, 6 per cent.; Cheesecake — general or other brands, 10 per cent.; St. Ivel 5 Pints, 26 per cent.; Yorkie, 19 per cent.; Hovis Crackers, 17 per cent.; Dynamo, 10 per cent.

The two most successful new products of 1977 were undoubtedly cheesecake and St. Ivel 5 Pints, followed by Rowntree's Yorkie chocolate bar. All three products unquestionably had important product advantages at the time and must have helped increase turnover in the store rather than merely substitute for other products. It almost goes without saying that all three seem to have had strong consumer propositions. Analysis of the 18 top brands quoted by the buyers in 1971, 1974 and 1976 also shows that in at least 15 cases they were very distinctive at the time of launch.

Perhaps the need for distinctive new products is nothing new; certainly it has been mentioned constantly in the past 15 years. Manufacturers, however, while paying lip service to it, have tended to launch me-too products. Let us hope that this trend is now over, as the trade has obviously hardened its attitudes.

The survey covers a large number of areas such as grocery buyers' views of future opportunities in 29 different markets, their attitudes to new products in general, their acceptance of test market products, how they monitor them, grocery distribution and analysis of past successes, manufacturers' current organisation of NPD, use of outside services, new product research budgets, views of advertising agencies' contributions, views of different new product research approaches.

There are clear indications that both new product experience of the past ten years and attitudes have changed drastically. Is it too much to hope that the 1980s will see more important, better thought out, more successful and possibly fewer new products? The failure rate could well decline, particularly if the lesson on the me-too front is finally taken to heart.

New Products in Grocers, 1978; Kraushar Andrews and Eassie, 32, Fitzroy Square, London, W.1; £45.

The microwave breakthrough

BY PAMELA JUDGE

SALES OF DOMESTIC microwave ovens in the U.K. doubled from 10,000 to around 20,000 units between 1976 and 1977 and are expected to reach 50,000 to 60,000 units this year, according to estimates by Foote Cone and Belding. In other words, by taking a very rough middle retail price of £350 per unit, the market this year ought to grow into an important £20m.-plus sector. At present, retail prices range from a Toshiba model at £199 to the Litton 70/91 CD at £841.32.

As FCB observes: "The domestic microwave oven has not yet made a great impact in the U.K., but there is currently a strong feeling that it is on the verge of a breakthrough. No objective data is available but trade estimates predict a tremendous increase, levelling off to steady growth from 1979."

At present there are 16 brands available. Toshiba claims 60 per cent. of the market but forecasts a slight drop in share this year as the market expands. Toshiba spent just over £74,000 on direct advertising in the first nine months of last year, mainly on its Unfreezer, but total advertising in this sector is expected to show notable growth.

Merrychef, an independent British company, claims to be the biggest domestic and catering manufacturer in the EEC, says FCB, and to offer the largest range of microwave models in the U.K.

One manufacturer predicts that about 16 per cent. of households will be using microwave ovens within ten years. The manager of the Microwave Centre (a branch of Thaines of Hendon which has a retail electrical business) says that although microwave ovens would seem to be up-market, buying is not confined to this category nor to the young.

Several interested parties are in the process of establishing a body called the Microwave Cooker Council, and there is an information office in Manchester set up by Sharps, a manufacturer, called the Microwave Advisory Bureau.

In the U.S., ranges are now available incorporating traditional cooking facilities and the ovens are being marketed as capable of performing about 80 per cent. of normal cooking tasks. Penetration is expected to reach 10 per cent. of households any day now with sales this year put at an estimated 3m. units compared with 40,000 in 1970.

A penetration level of 10 per cent., says FCB, is agreed to be the breakthrough point at which a serious market exists large enough to affect food manufacturers and retailers and other related industries and trades. U.S. penetration is expected to double, approximately, between now and 1980.

The U.S. industry claims that a mass-market base already exists with those earning under $15,000 acounting for 40 per cent. of buyers; 30 per cent. of purchasers are under 35.

LOMBARD

Computers and dinosaurs

BY ANTHONY HARRIS

THE WEAKEST part of the clearing banks' charge of unfair competition against the building societies is, of course, the fact that the banks don't really seem to be trying where it matters—in over-the-counter service to the ordinary customer in the street. Banks close on Saturdays because the employees' union likes free week-ends for its members. They close at 3.30 p.m. for reasons which seem to date back to the days when the books had to be made up by clerks with quill pens. And they pay no interest on current accounts.

Achilles' Heel

I recently had the opportunity to tease the chief general manager of one of the big four on this subject. Surely, I urged, there was no excuse for these inconveniences in an age of computers. The books could be made up at the speed of light, and a cash service on Saturdays manned by a very skeletal staff.

His answer made me feel suitably foolish. To be sure, he admitted, it was now technically possible to provide every kind of service one could devise; but the computer was also the management's Achilles' Heel. Thanks to the computer, it was now in the power of a small handful of the staff to bring the entire operation to a standstill at a moment's notice. As a result, a "No" from Mr. Lief Mills and his bank employees was treated as closing whatever subject had been raised.

The result sounds something like a reign of terror. The NUBE's recent rebuff to Barclays over Saturday opening in a few selected branches is recent history. Another clearer had a similar rebuff over a still more modest proposal: an experiment in just one district in keeping the doors open a bit later on ordinary banking days. The banks in fact suspect that many of their staff are anxious to offer a better service, and that an adequate minority would be very glad of the opportunity to earn substantial extra money on Saturdays. However, such is the power of the unspoken computer-based deterrent that they dare not even poll their staff to find out what would be acceptable. So much for the right to manage.

Of course, banks are not the only industry which have become increasingly vulnerable to the threat of a stoppage, and computers are not the only technical advance which have in fact undermined the power of management to make decisions stick. The motor industry has long suffered from the growing integration of its production process, so that a handful of key workers can now stop thousands rather than hundreds in their tracks. Every industry which has become more capital-intensive faces a higher cost from disputes, whether small or large groups are involved. Industry as a whole has in fact become more vulnerable all over the world. Even in relatively weakly unionised countries like the U.S., strikes by small key groups are becoming more common as their power increases.

To some extent this development is natural and even welcome. No-one wants to go back to the days when a master had virtual power of life and death over a staff of outworkers and could and did half-starve them. It is not only in industry that technical advance actually reduces the power of the big battalions. In military terms, as we have been learning for some 30 years, a modern army, though the master of unthinkable power, is very vulnerable to small groups of guerillas in a way in which an old-fashioned army, which relied on sheer numbers, never was. Perhaps the new national enthusiasm for small business is partly because the balance of power in small, generally labour-intensive units is much healthier for the economy at large.

Two approaches

Nevertheless, the thought that all we have achieved by technical progress is a race of industrial dinosaurs, huge and overbearing but with a fatally soft underbelly, is intolerable. There seem to be two possible approaches to the problem: war and peace. War would mean designing systems to minimise vulnerability and manning them with some kind of highly-paid Praetorian Guard. It is not a future one likes to contemplate. Peace means a lot of dull work on things like social contracts and participation and reform of the kind President Giscard d'Estaing discusses. It is a great pity that the monetarist fashion in economics distracts attention from these human and technical factors which are pushing all of us in directions which look corporatist and theoretically untidy. The economy run, as it were, by an unaided monetarist computer might prove fatally vulnerable.

Doctors' staff: the pensions row

BY DAVID CHURCHILL and ERIC SHORT

BRITAIN'S 23,000 family doctors are still seething over the Government's decision to tighten up on a pensions loophole which might have left the Department of Health and Social Security footing an annual bill for several millions of pounds.

They have written to Mr. David Ennals, the Health Secretary, demanding why the Government should go back on its word to help to meet the cost of pension contributions for doctors' staff, such as receptionists.

The Department had originally agreed to reimburse doctors fully for contributions to private pension schemes for staff who would not qualify under the new State scheme which comes into force next month. But after the medical insurance industry spotted the loophole—and sold a substantial number of new policies — the Department has back-pedalled on its original agreement.

Already the issue has badly strained relationships between the Department and doctors with bitter accusations coming from both sides. In private, the medical profession is deeply concerned that with the contentious issue of doctors' pay still to be resolved next month, the Government's handling of the pensions question may sour future negotiations over pay and conditions.

With the National Health Service already facing severe pressures and, despite Government protestations to the contrary, nearer to total collapse than ever before in its 30-year history, the loss of doctors' goodwill could be critical.

On the Department's side there is also a feeling that, perhaps, the medical profession and insurance industry had not been completely ethical in the speed with which insurance policies were negotiated once it was believed the Government would foot the bill.

Four dates

The dispute hinges on four dates over the past six months.

November 9, 1977: Agreement was reached between the General Medical Services Committee of the British Medical Association and the DHSS over the problem of staff pension schemes once the new State scheme was introduced.

At present 70 per cent. of the salary of the 19,000 ancillary staff working for doctors is directly reimbursed by the Government. The remaining 30 per cent. of salary and all National Insurance and superannuation schemes contributions are reimbursed directly via the expenses element in doctors' fees and allowances.

As the age and remaining service of some of these staff would prevent them from retiring under the new State scheme with a pension in proportion to their earnings, the Department had agreed to refund in full contributions to private schemes in operation on April 1, 1978.

15 February 1978: Final agreement was reached between the DHSS and doctors and circulars were sent out. However, reports of the agreement in the medical Press led to a number of insurance companies selling lucrative pension plans for doctors' staff.

By February 28 the scale of the potential liability for the Government—it could have been at least £5m.—prompted urgent discussions with the doctors' leaders.

2 March 1978: After telephone negotiations the doctors reluctantly agreed to bring forward the deadline for schemes qualifying for reimbursement from April 1 to March 6. But doctors were still notified in a circular that the contributions would be reimbursed in full.

March 14, 1978: A letter from the DHSS told the doctors that *only "reasonable" schemes* negotiated between February 16 and March 6 would be honoured. Although the Department is being coy about the exact definition of "reasonable," it is believed to mean any schemes in which the contribution is not greater than the equivalent for NHS schemes—around 13.5 per cent. of earnings.

The DHSS said that this had been agreed with the doctors' leaders — a statement they *vigorously deny. They also deny* the Commons statement by Mr. Roland Moyle, Health Minister, that the profession had originally agreed that no new schemes would be included in the agreement.

Thus the crucial question hinges on when the word "reasonable" was introduced into the negotiations. In the BMA's circular to doctors dated March 2 it was made quite clear that the Government would still fully reimburse payments to any schemes in force by March 6. "There is no change in the agreement to reimburse 100 per cent. of contributions to the new State superannuation scheme which starts in April," the circular states.

Yet the DHSS maintains that the profession had agreed to restrict the schemes to those defined as "reasonable." But, as *Dr. Anthony Keable-Elliott*, chairman of the GMSC, points out, "the large majority of schemes have already been given prior approval by the Inland Revenue and *should therefore* be accepted as reasonable."

Lump sums

The new State pension scheme is designed to provide reasonable pensions at retirement based on earnings. But employees will only qualify for the full pension provided they contribute for 20 years starting in April. Contributions made *before that date will not count* towards the earnings-related portion of the pension. Thus the level of benefits provided for those who retire within a few years will not be much higher than present benefits. In addition, the new State scheme does not provide such features as lump sum payments on death while still at work or at retirement itself.

It is to fill these gaps that pension consultants have been actively marketing pensions schemes that will "top-up" those provided by the State. For large companies, the employer can opt out of the State scheme completely and provide benefits through a fully fledged company pension scheme. But as a general rule, it is better for smaller employers to stay in the State scheme and top-up on a selective basis—at least this has been the advice of leading pensions experts to small companies. And doctors, as employers, do not employ large numbers of staff.

The main use of top-up schemes is to provide better benefits for older employees, those who will not be able to pay the full 20 years' contributions. The older an employee, *the more is necessary from* the employer.

Doctors have been providing pensions for their staff for many years, using life company schemes—ideal for small employers. The Medical Insurance Agency, the most active broking organisation dealing with doctors' *insurance* requirements, has had a special scheme available for over 20 years, but finds that many doctors like to provide pensions for employees on an individual scheme basis.

It is arguable that doctors should be able to provide a decent pension level for employees just like any other employer and recoup the cost from the consumer, that is the DHSS. But it is not as simple as that.

Tight rein

Nevertheless, talk of insurance brokers selling high-level benefit schemes is somewhat dramatising the case. The Inland Revenue keeps a very tight rein on benefit levels provided. Doctors could not promise their staff the moon.

Whatever the rights and wrongs of the doctors dispute with the DHSS there are two clear issues involved. One is the apparant miscalculation by DHSS civil servants about the *whole scheme. However well* intentioned the Department was in agreeing to fund the schemes in full, an obvious loophole existed and this was exploited by the insurance industry.

The other issue, however, is the way in which the DHSS has *attempted to rectify its mistake.* And this could cause more long-term harm to the delicate relationship between the Government and the medical profession than was needed in the present state of the NHS.

It's A Chance for Stephenson

RACING

BY DOMINIC WIGAN

ARTHUR STEPHENSON, who could well still make it 100 winners or more in eight of the last nine seasons, looks to have a bright chance of at least three *winners this afternoon.*

At Worcester, Royal Cacador and Vimy Ridge—both partnered by Tommy Stack—can score for him; while It's A Chance, the mount of his owner Mr. Peter Greenall, has an obvious chance of following stablemate Abercrombie's victory of a year ago in Southwell's James Seely Memorial Hunters Chase.

The best bet from this trio is It's A Chance, a lightly raced brown son of Menelek. This promising 6 year old, who was *bought by his rider to* strengthen a strong team which could still prevent Mr. George Sloan taking the amateur riders title won by Greenall a year *ago, came good at Doncaster* two weeks ago when outclassing four opponents in the 2½-mile Auckland Hill Hunters' Chase.

After several mistakes at early fences, the inexperienced It's A Chance began to buckle down to his task at halfway and from that point the result was never in doubt. At the line, It's A Chance, a 6-5 favourite after opening at odds-on, had six lengths to spare over Spartan Sandal, to whom he was conceding three lbs.

Although it is difficult to evaluate the true worth of that form, it seems more than likely it was of a reasonably high order, for the runner-up had previously gone down by just 2½ lengths under 11 st. 7 lbs. to Conchita II and Mountolive in *the competitive Oteley Hunters'* Chase at Ludlow.

In the belief that he may well have come on a few pounds since that Doncaster run—only his third of the campaign—I take It's A Chance, who will relish the additional half-mile, to defy top weight of 12 st. 7 lbs. in impressive style.

SELECTIONS

WORCESTER

2.00—Swinging Safari
2.30—Royal Cacador
3.00—Vimy Ridge**
3.30—Icebreaker
4.00—Croftamie
4.30—Woburn

SOUTHWELL

2.15—Romany Light
3.15—Supreme Sail
3.45—It's A Chance***
4.45—Vidkun*

TAUNTON

2.15—Pensive Prince
3.15—Tullow Lane

GOOD FRIDAY'S PROGRAMMES

†Indicates programme *in black and white*

BBC 1

9.30 a.m. Mr. Benn. 9.45 Roobarb. 9.50 Jackanory. 10.05 *Boss Cat.* 10.25 *The Boy From* Lapland. 10.50 Lippy Lion. 11.00 United Act of Witness from St. Mary's Church, Caernarfon, Gwynedd. 12.05 p.m. Kashtanka (Russian film). 12.55 News. 1.05 The Osmonds. †1.40 "Random Harvest," starring Ronald Colman and Greer Garson. 3.45 Play School. 4.10 Crackerjack. 4.50 Ludwig.

4.55 News *and Sport.*
5.05 Tom and Jerry (London and South-East only).
5.20 Ask the Family.
5.45 The Man Who Talks to Animals.
6.30 "Storm Boy," starring Greg Rowe.
7.55 The Goodies.
8.25 Going Straight.
8.55 Showtime Special.
9.45 News.
9.55 The Late Film: "The Forbin Project," starring Eric Braeden.
11.30 Parkinson: Michael Parkinson talks to Sir Alec Guinness.
12.40 a.m. Weather/Regional News.

All Regions as BBC-1 except at the following times:

Wales—9.30-9.45 a.m. Tredwt. 5.05-5.20 p.m. Wales Today. 6.30 Newydd. 6.35 Ar Glawr. 7.05-7.55 With a Little Help. 12.35 a.m. News and Weather for Wales.

Scotland—*5.05-5.20 p.m. Scottish* News. 12.35 a.m. News and Weather for Scotland.

Northern Ireland—5.05-5.20 p.m. Northern Ireland News. 12.35 News and Weather for Northern Ireland.

England—5.05-5.20 p.m. Regional News and Weather (all Regions except London and South East).

BBC 2

11.00 a.m. Play School.
4.55 "The Tales of Hoffmann," starring Moira Shearer and *Robert Helpmann.*
6.40 The Big Word Machine: film about the Oxford University Press.
7.20 News on 2 Headlines.
7.25 Indoors, Outdoors.
7.50 Were You There?
8.25 William Wyler: *American* Film Institute Salute.
9.15 Pot Black 78.
9.45 Heads and Tales.
10.00 Horizon: The problems of seven million people living on or below the breadline.
10.50 Portrait: Robert Morley painted by David Poole.
11.20 Late News on 2.
11.35 *Simple Faith?*
†11.40 "The Little Foxes," starring Bette Davis and Herbert Marshall.

LONDON

9.35 a.m. Dynomutt. 10.00 Song Book. 10.10 Pipkins. 10.25 Beany and Cecil Cartoons. 10.45 The Brady Bunch. 11.05 Drive-In. 11.30 Look Who's Talking: Dukes and Lee. 12.00 Disney (from Mickey Mouse to Snow White). 1.00 News. 1.05 p.m. Your Peace—A Good Friday Meditation. 1.30 "The Fall of the Roman Empire," starring *Sophia Loren, Stephen* Boyd, Alec Guinness and James Mason. 4.15 Snacker. 4.45 Magpie Special. 5.15 Emmerdale Farm.

5.45 News.
6.00 Stars on Good Friday.
6.35 Crossroads.
7.00 Mind Your Language.
7.30 Mixed Blessings.
8.00 Survival Special.
9.00 "When Eight Bells Toll" (Part One) starring Anthony Hopkins, Nathalie Delon, Jack Hawkins and Robert Morley.
10.00 News.
10.15 *"When Eight Bells Toll"* (Part Two).
11.00 Mary O'Hara with Wayne Sleep and Anthony Dowell.
11.45 How to Stay Alive.
12.15 a.m. Stars on Ice.
12.40 Crucifixion '78.

All IBA Regions as London except at the following times:

ANGLIA

9.30 a.m. *Caring for History.* 10.25 Man from Atlantis. 11.20 Cartoon Time. 5.15 p.m. Happy Days. 11.45 The Streets of San Francisco. 12.40 a.m. Easter News.

ATV

9.35 a.m. Angling Today. 10.25 Puzzle Party. 10.50 Westway. 11.15 Woody Woodpecker Show. 5.15 p.m. The Squirrels. 9.00 The Friday Night Film: "Tony Rome," starring Frank Sinatra. 10.30 "Tony Rome" (continued). 11.15 Mary O'Hara.

BORDER

9.30 a.m. *Cine Club.* *10.25 Cartoon.* 10.35 Cavern Deep. 11.35 In Search of Atlantis. 1.30 p.m. The Nature of Things. 2.00 Cartoon. 2.10 Matinee: "Boy on a Dolphin," starring Alan Ladd and Sophia Loren. 5.15 The Practice. 11.45 Andy Williams.

GRAMPIAN

9.55 a.m. First Thing. 10.25 Cartoon Time. 10.35 Cavern Deep. 1.30 p.m. Grampian News Headlines. 1.40 Stars on Good Friday. 2.10 "Boy on a Dolphin," starring Alan Ladd, Sophia Loren and Clifton Webb. 6.00 Grampian *Today.* 7.30 The Jim MacLeod Show. 11.45 Reflections. 11.50 Stars on Ice.

GRANADA

9.30 a.m. History Around You. 9.55 Look at Life. 10.25 Cartoontime. 10.30 The Terrornauts. *5.10 p.m.* This is Your Right. 5.15 Crossroads. 6.30 Kick Off. 11.45 Dan August.

HTV

10.25 a.m. Cartoontime. 10.35 Cavern Deep. 5.15 p.m. The Undersea Adventures of *Captain Nemo.* *5.20 Crossroads.* 6.30 Emmerdale Farm. 11.45 Dan August.

HTV Cymru/Wales—As HTV General Service except: 4.15-4.45 p.m. Hedfan. 6.00-6.30 Y Dydd Hwnnw.

SCOTTISH

10.25 a.m. Mr. Magoo. 10.35 The Bionic Woman. 1.30 p.m. So Rich a Crown. 1.40 Stars on Good Friday. 2.10 Feature Film: "Boy on a Dolphin," starring Alan Ladd and Sophia Loren. 5.15 Pipet and Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 The Better Sex. 11.00 Ways and Means. 11.30 Late Call. 11.35 Police Woman.

SOUTHERN

9.35 a.m. Stationary Ark. 10.25 Sinbad Junior. 10.35 The Invaders. 5.15 p.m. Weekend. 5.20 Crossroads. 6.30 Out of Town. 11.45 Baretta.

TYNE TEES

9.25 a.m. The Good Word. 9.30 Lasting Beauty. 10.25 Cartoontime. 10.35 Cavern Deep. 5.15 p.m. Mr. and Mrs. 11.45 Charlie's Angels. 12.40 a.m. Epilogue.

ULSTER

10.25 a.m. Cartoontime. 10.35 Cavern Deep. 1.30 p.m. Lunchtime. 1.40 The Flintstones. 2.05 Friday Matinee: "The Pride and the Passion," starring Cary Grant, Frank Sinatra and Sophia Loren. 4.13 Ulster News Headlines. 5.15 Stars on Good Friday. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 11.45 The Man for Others. 11.50 Sportscast. 12.20 a.m. Bedtime.

WESTWARD

9.15 a.m. Stations of the Cross. 9.20 West Country Job Finder. 9.30 Skippy. 10.25 Gus Honeybun's Birthdays. 10.30 Cartoontime. 10.35 Cavern Deep. 12.57 p.m. Westward News Headlines. 6.30 Cartoontime. 10.58 Westward Late News. 11.55 Stations of the Cross.

YORKSHIRE

9.30 a.m. Heritage. 10.25 The Undersea Adventures of Captain Nemo. 10.30 Cyrano de Bergerac. 5.15 p.m. Dynomutt. 6.30 Cartoontime. 11.45 The Protectors.

RADIO 1 247m

(S) *Stereophonic broadcast*
(Q) Quadrophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Ed Stewart with Junior Choice (S). 11.00 Paul Burnett. 1.00 p.m. Stayin' Alive: A Kid Jensen holiday special. 2.00 Tony Blackburn. 4.31 Dave Lee Travis. *7.00 Cliff Richard (S and Q)* joins Radio 2. 10.02 John Peel (S). 12.00-2.02 a.m. As Radio 2.

VHF Radios 1 and 2—6.00 a.m. With Radio 2. 9.00 With Radio 1. 11.00 With Radio 2, including 1.55 p.m. Good Listening. 3.30 David Hamilton (S). 5.30 With [illegible]

... Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Tchaikovsky (S). 10.00 Holiday Special (S). 10.20 Bach's St. John Passion, part 1 (S). 10.55 Interval Reading. 11.05 St. John Passion, part 2. 12.30 p.m. Dreams and Destinations: reading by the late C. Day Lewis. 1.00 News. 1.05 Playbill. 1.20 Schubert, piano recital, part 1 (S). 2.10 In Short (talk). 2.20 Schubert, part 2 (S). 3.10 Royal Repertoire: Music by Prokofiev (S). 4.00 Debussy and Prokofiev, violin and piano recital (S). 4.45 The Young Idea (S). 5.05 Interpretations on Record (S). 6.45 Durham Music Festival 1977, piano recital ...

... News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Who Were You With Last Night?: The story of Mark Sheridan (a reassessment). 4.35 Story Time. 5.00 PM Reports. 5.40 Enquire Within. 5.55 Weather, programme news (VHF) Regional News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week from BBC Radio and Television (S). 8.10 The Spinners (S). 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending . . . 10.55 My Delight with H. R. F. Keating. 11.00 A Book at Bedtime: "Esther Waters," part 10. 11.15 ...

... and Q). 8.02 Leon Young conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Let's Go Latin with Ronnie Hazlehurst Satin Latin. 11.02 Brian Matthew with The Late Show including 12.00 News. 2.00-2.02 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 ...

... *London.* 10.45 *Words From the Cross* (S). 11.00 News. 11.05 A Musical Evening with . . . The Pendyrus Male Voice Choir (S). 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music (S). 12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Julian Bream and John Williams play Giuliani on record (S). 2.00 The Last Hour: meditation on death. 3.00 ...

... line. 2.00-5.00 a.m. Night-Extra.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Kerry Juby's Breakfast Show (S). 10.00 Adrian Love (S). 2.00 p.m. Duncan Johnson (S). 7.00 "St. John's Passion," *played by the English Chamber* Orchestra (S). 9.00 Mike Allen (S). 2.00 a.m. Ian Davidson's London Link International (S).

TV Radio

† *Indicates programme in black and white.*

BBC 1

9.45 a.m. Roobarb. 9.50 Jackanory. 10.05 *Boss Cat.* 10.25 The Boy from Lapland. 10.50 Lippy Lion. 11.00 For Schools, Colleges. 12.35 p.m. On The Move. 12.45 News. 1.00 Pebble Mill. 1.45 Trumpton. 3.00 Children's Wardrobe. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Scooby Doo. 5.05 John Craven's Newsround. 5.10 Blue Peter. 5.35 Ludwig.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 To-morrow's World.
7.10 Top of the Pops.
7.40 The Good Life.
8.10 Wings.
9.00 News.
9.25 Cannon.
10.10 Breakaway Girls.
11.05 To-night.
11.45 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Barnaby. 4.40 Crystal Tipps and Alistair. 4.45-5.5 Tren Sgrech. 5.55-6.20 Wales To-day. 6.45-7.10 Heddiw. 11.45 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 7.40-8.10 Current Account. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.05 The Hong Kong Beat. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); *Midlands To-day (Birmingham)*; Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 a.m. Play School.
7.00 p.m. News on 2 Headlines.
7.05 Your Move.
7.30 Newsday.
8.05 Gardeners' World.
8.30 Living in the Past.
9.00 Table Tennis: Norwich Union Trophy.
†9.30 Screen 2: "The Good Fairy," starring Margaret *Sullavan* and Herbert Marshall.
11.05 Late News on 2.
11.15 Men of Ideas.
12.00 Simple Faith?

LONDON

9.30 a.m. Adventures in Rainbow Country. 9.55 Animated Classics. 10.45 People of Warm Mud Mountain. 11.35 Spiderman. 12.00 Charlie's Climbing Tree. 12.10 p.m. Pipkins. 12.30 Make It Count. 1.00 News. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 The Crezz. 3.20 Quick on the Draw. 3.50 The Sullivans. 4.20 Little House on the Prairie. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 Robin's Nest.
8.30 Armchair Thriller.
9.00 George and Mildred.
9.30 This Week.
10.00 News.
10.30 Drive-In.
11.00 The Andy Williams Show.
11.30 What The Papers Say.
12.00 What The Papers Say.
12.15 [illegible]

All IBA Regions as London except at the following times:

ANGLIA

9.30 a.m. Feature Film: "The Thief of Bagdad," starring Sabu. 11.30 Winning With Wilks. 1.25 p.m. Anglia News. 2.00 Women Only. 4.20 Dynomutt—the Dog Wonder. 4.45 *Solo One.* *5.15 Emmerdale* Farm. 6.00 About Anglia. 6.20 Arena. 7.00 The Six Million Dollar Man. 10.30 Folk in the East. 11.00 TV Movie: "Don't Be Afraid Of The Dark." 12.30 a.m. A Reading for Holy Week.

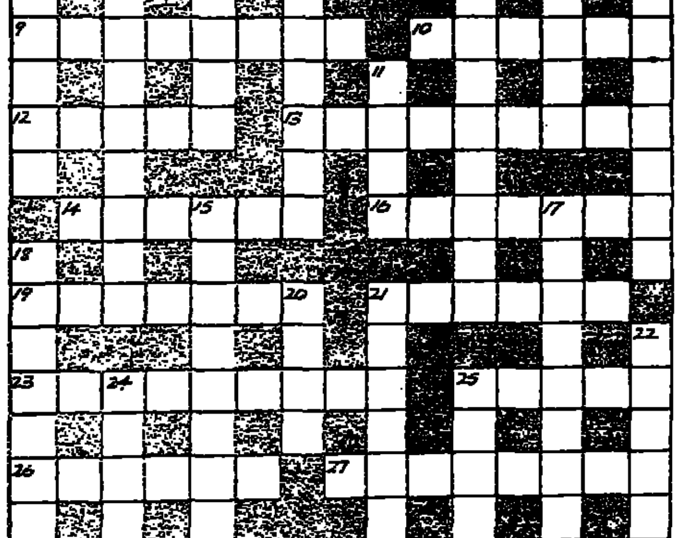
Sports Arena. 10.35-11.05 a.m. Alexander Robertson In Concert.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.35 Sport West.

SCOTTISH

10.00 a.m. Mr. Magoo. 10.05 Bold As Brass. 10.35 Tell Me Why. 11.20 Showcase. 11.45 Oscar. 1.25 p.m. News and Road Report. 2.00 Women Only. [illegible]

F.T. CROSSWORD PUZZLE No. 3,625



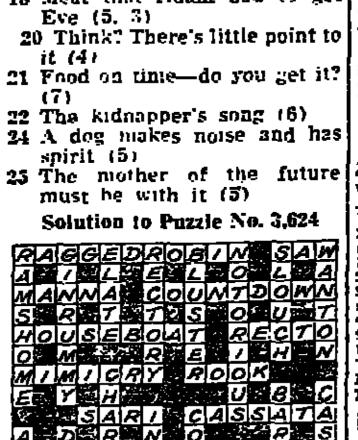
ACROSS

1 The last thing to be taken internally or worn externally (8)
5 Suggests maximum effort and promises work in the field (3, 3)
9 Recantation by a friend in verse (8)
10 Film protection (6)
12 The island is after some measure (5)
13 Their top secrets are revealed at Easter (9)
14 Behaviour when ready to shoot (6)
16 Dealt with the communist chap (7)
19 Cornish town has living places to the west (7)
21 Heartless man has song for maid (6)
23 Fish one famous loch—it will put colour in your cheeks (9)
25 Series gets in after tea (5)
26 Rushed round and uproar *ensues (6)*
27 A list of passengers—that is obvious (8)
28 Is the dealer comparatively penniless? (6)
29 Communist to leave in the lurch in Worcester (8)

DOWN

1 Can a little boy be a pickpocket? (6)
2 How the shoes of Midas were fastened? (4-5)
3 Secret societies—how do they grab you? (5)
4 Sailor party people have to stomach (7)
6 Young arrival out of the West (9)
7 Decorations make an oriental overweight (5)
8 Yes, I tend to be found in Northumberland (8)
11 Smart enough to be found in a lecture (4)
15 Crate it in a way that's complex (9)
17 Highwayman in the travel business? (4-5)
18 Meat that Adam had to get Eve (5, 3)
20 Think? There's little point to it (4)
21 Food on time—do you get it? (7)
22 The kidnapper's song (6)
24 A dog makes noise and has spirit (5)
25 The mother of the future must be with it (5)

Solution to Puzzle No. 3,624



haftesbury

Kismet by B. A. YOUNG

Tuneful music, reasonably ...erate lyrics, gaudy costumes ...d colourful scenery, lively ...nce routines and some Ameri...n principals—these are the ...alities I ask for in a musical, ...d this production of *Kismet*, ...ported from California, has ...em all. I won't say that it has ...em all at the highest level, but ...art from *Oliver!* it is far ...arer to my ideal than any other ...isical in town.

The music, as even those too ...ung to remember the produc...n at the Stoll will know, is ...racted from the music of ...rodin, and includes some un...enchable hits — "Baubles, ...ngles and beads," "Stranger in ...radise," "This is my beloved." ...e songs are sung with enough ...le to enable us to forget the ...inous loudspeakers on either ...e of the stage. John Reardon's ...nor voice is as handsome as ...s face (even if the character ... Hajj, whom he plays, is a ...etty second-class citizen); ...rna Dallas matches him as his ...nocent daughter Marsinah, ...ifton Todd gives a resonant Caliph; and then there is Joan Diener.

Miss Diener was said to have had 'flu last night, but she sang like a nightingale. She also wore some elegant costumes that contrived to leave much of her torso cunningly undraped and so emphasised the lines of her delicious figure. But it is not only her singing and her lines that fascinate me; she has a notable intelligence that sparkles in her voice and in her hollow-cheeked face. In a number like "Not since Nineveh" she is bewitching. Hard to believe she was also here the last time.

Oliver Smith's designs for the many lavish scenes are as pretty as pictures, even if they are about as much like Baghdad as Titipu is like Tokyo. (Things may have changed since March 21, 1085, the alleged date of these adventures.) If there is sometimes a cardboardy look about them, no matter, for the play is no more than a myth, an Arabian Night, and we need no more believe in the scenery than in the plot. Goodness, if we had to believe in *that*, how could we face the sight of the hero drowning the Wazir (plump Christopher Hewett) in the Caliph's swimming pool, before our very eyes?

The production, directed by Albert Marre, has a satisfyingly finished feel about it. There is a 21-piece orchestra in the pit, with some splendid orchestrations to play—there is more in Messrs. Wright and Forrest's songs than some borrowed melodies from Borodin. The dances and the big production routines are skilful, and the big company leaves no holes in the scenes. Wit is perhaps in short supply, but I liked the dances for the three Princesses of Ababu, who would have been happier with Tamburlaine than with this gentle Caliph.

It is no doubt silly to quarrel with the book by Charles Lederer and Luther Davis: but if it is impossible for the Caliph to marry Marsinah after he has seen her in the Wazir's harem, why is he still pressed to marry the Ababu Sisters, whom he saw there on the same occasion?

Leonard Burt

John Reardon, Christopher Hewett and Joan Diener

Young Vic Studio

No Pasaran by MICHAEL COVENEY

A large Star of David occupies ...e acting area and the first of ...any slides proclaims the ...mmer of 1932. With Hitler's ...cialist Party rising to power ... the background, a Jewish ...xing star prepares for the fray. ...e will be banned from the 1936 ...ympics, will rejoice at Jessie ...wens' triple-medal triumph by wireless in a Berlin cafe, and ...ill later turn up in the East ...nd of London blocking the ...reets against Mosley's black...irts before returning to Ger...any in search of his family and ...ding up in a gaseous "summer ...mp."

That this powerful and un...etentiously relevant show ...ould be the product of our ...latively unheralded Theatre-in-...ducation circuit is in itself a ...use for rejoicing. For, with...t ever patronising or under...timating a predominantly teen...e audience, the play deals with ...e issue of racism in a manner fit to shame our leading political speech writers. The matter is, if you like, "humanised" by setting the emotive claptrap of Hitler and Mosley against a bustling, tightly written tale of the Berlin Jewish boxer and his East End pugilistic soul-mate who take up arms against a sea of troubles and by opposing not exactly end them, but at least denounce the contaminating evil.

The M6 Theatre Company is a label for what was once the Bolton Octagon Theatre-in-Education Company and, while its heart is undeniably in the right place, what is even more impressive is the clarity and directness with which the points are made. There is a real theatrical power, for instance, in paralleling the decisive German election with a classroom debate between a recruit to the Hitler Youth and the boxer counter-punching against the lie that unemployment stems from "the Jewish problem." And the final extraordinary scene brings us face to face with a Polish Auschwitz survivor preparing her devastating evidence for the Nuremberg trials for the benefit of a prosecuting lawyer while the East End boxer flicks hopelessly through the records for a note of his friend's name.

There is an ominous contemporary ring to the request of the Hitler Youth to stand firm against the aliens in our midst. Rivers of blood, etc. By discussing the realities and dangers of this kind of thinking in so vivid and accessible a way, the M6 Company provides not only good theatre, but also an invaluable community service. The show was devised by the Company, scripted by David Holman and is beautifully performed by a versatile and talented quintet: Mike Kay, Terry John, Sue Johnston, Will Tacev and Nick Maloney. They deserve much credit and full houses.

...lizabeth Hall

London Sinfonietta

by DOMINIC GILL

The programme of Mozart, ...essiaen and a new viola con...rto by Simon Bainbridge which ...e London Sinfonietta have been ...aying around the country for ...e Arts Council's Contemporary ...isic Network arrived in London ... Tuesday night, but with its ...ozartean overture replaced by ...ravinsky's *Dumbarton Oaks*.

We had had a foretaste of the ...inbridge concerto ten days ...eviously on Radio 3, and the ...ndon performance confirmed ...ose good impressions: a young ...d vigorous piece (the com...ser is 26), gratefully scored, ...t to the instrument—*violagenic* ...ght be the word—in form and ...pression not wildly original, ...t strongly made, sustained ...th plenty of quick and imagin...ve detail. The writing is ...lourful: Bainbridge uses his ...amber orchestra with precision ...d wit—and exuberantly, with ... ear for interesting combina...ns, and vivid contrast. The ...ola is protagonist: but as often ...o lyrical accompanist, weaving ... line round a plaintive hymn, ... sparking brass to action.

Walter Trampler, who also commissioned the concerto, was the soloist: firm and eloquent in his delivery, strident in his second and sevenths, ardent in the warmer, darker colours—of the second of the two movements especially as the music moves into lower registers, and softer, bell-like permutations. Just before the end there is a cadenza, nervous solo fibrillation, that gathers impetus, and around itself the orchestra, before bounding to a sudden, triumphant finish.

The conductor was Michael Tilson Thomas, bright and energetic, economical of gesture, nicely controlled. The Sinfonietta's *Dumbarton Oaks* ran along under his direction with gratifying precision: specially good to hear a work often so cruelly shredded in the concert hall for once with all its notes, and all its rhythms, intact. The concert ended with Messiaen's *Trois petites liturgies de la Presence Divine*: garden of endless sweetness, invigorated by the splendid solo piano playing of Paul Crossley, tinted naughty pink by the carolling of Jeanne Loriod's ondes martenot.

The City of London Festival

A major effort is being made by the City Arts Trust to broaden the appeal of the 1978 City of London Festival (July 17-29) by including a wide range of popular events to supplement the established arts programme.

Financial support for the festival has come in the form of a substantial grant from the City Corporation, the Arts Council and generous sponsorship from many of the City's institutions and business houses. Two significant events will be the re-presentation for a four-week season of Gilbert and Sullivan's *Yeomen of the Guard* which will be performed in the Moat of the Tower of London as part of the 900th Anniversary celebrations of the White Tower, and the first major International Exhibition of Stained Glass, which will be mounted in the Royal Exchange.

The Arts programme will also include concerts and performances, in St. Paul's Cathedral and other City churches as well as in Guildhall and a number of Livery Halls, by the London Symphony Orchestra, the Royal Philharmonic Orchestra, the Monteverdi Choir and Orchestra, the Choir of the Chapel Royal, the Nash Ensemble, the Polish Chamber Orchestra, the London Sinfonietta, the Richard Hickox Orchestra and St. Margaret's Singers, the Orchestra and Chorus of the Academy of St. Martin-in-the-Fields, the Wren Orchestra, and Humphrey Lyttelton's Band. There will be productions by the English Music Theatre, Kent Opera and the Royal Shakespeare Company and recitals by Yehudi Menuhin, Julian Bream, Miriam Fried and Garrick Ohlsson; The City Music Society will be presenting a series of lunchtime concerts in the Bishopsgate Hall.

Picasso's original design for the drop curtain for 'Le Train Bleu,' a Diaghilev ballet performed at the Coliseum in 1924. It was lent for last Tuesday's performance by the Theatre Museum

Coliseum

Ashton/Dowell/Orfeo

by CLEMENT CRISP

The English National Opera's gala on Tuesday night was, naturally enough, thirteen-fourteenths operatic. It lies outside my brief to comment upon the singing; I note, though, for the record that Rita Hunter and Katherine Pring were indisposed and that their places were taken by Lucia Popp (magnificent in *Russalka's* Song to the Moon) and Cathy Berberian who, despite a broken foot and a wheelchair, made *Surabaya Johnny* unforgettable.

The evening's nod towards dance—because the Coliseum is a fine ballet house—came with a new Ashton solo for Anthony Dowell. This is set to the Dance of the Blessed Spirits from Gluck's *Orpheus*, with whose brief flute melody Ashton has managed to draw a telling portrait of Orpheus. Dowell, wearing white tights, appears centre-stage as if breasting a hill, to stand on a rostrum and survey the realm of the blessed. Generous, outward-stretching arm movements—almost Duncanesque—prelude his descent onto the stage, and as the music impels him, he moves into a solo that makes superb use of his arms, and then of his speed, lightness and eloquent line.

There comes a moment of agitation, with Orpheus sinking to the ground, before a final pose of supplication and an ending which leaves him as if waiting an answer. The piece is of extreme simplicity, luminous, and it suggests—as do accounts of Duncan dances—how much an artist may achieve by the greatest economy of means. Dowell's dancing has a quality of complete purity; so does Ashton's choreography. The dance seems to ring with a single, clear note, echoing in the mind long after it is over.

Logan Hall, Bedford Way

Feuersnot by RONALD CRICHTON

Tuesday's Strauss evening showed both the Camden Festival and the Chelsea Opera Group in splendid fettle. The works were something unfamiliar but worth doing, and were excellently done by young artists. Also a new venue for music in Central London was revealed. The Logan Hall in Bedford Way, buried about three floors down (since they had to dig so deep, why not go deeper and make the roof higher?), is comfortable, and fair for sound, to judge by these helpings of maxi-Strauss; but as so often happens with new arts buildings, designed with a stage or platform, immediately shown as too small.

The opening work was the *Three Holderlin Hymns* of 1921, for which the soprano soloist, Alison Hargan, was placed almost in the stalls, with the large orchestra immediately behind her, bombarding the audience with lashings of sound. Miss Hargan sang, nevertheless, with commendable security and charged many of her phrases with the genuine Straussian thrill — she can hardly be blamed under the circumstances for varying the dynamics so little. Strauss wrote no more songs with orchestra until the *Four Last Songs* of 1948—the lack of development in the musical language and the ability to continue writing fruitfully in it are equally remarkable.

Feuersnot, the main business of the evening, was Strauss's

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second opera, written at the beginning of the century after the unsuccessful *Guntram*, and after the most successful orchestral works up to and including *Ein Heldenleben*. Strauss and his librettist, the satirical writer Ernst von Wolzogen, who both had reason to feel piqued by the Bavarian capital, concocted *Feuersnot* as one in the eye (or anywhere else you prefer) for Munich, transferring thither the action of a bawdy Flemish folktale, contriving to identify young Richard the Second with the old magician Wagner who had in his time been more or less drummed out of the city. The references, by means of musical quotations and emphatic puns on the names of the two composers and the librettist, are explicit.

The long one-acter takes place on Midsummer Eve, when children are gathering firewood for bonfires by means of baskets let down from upper floors. In one house lives Diemut, the Burgomaster's daughter. In another lurks Kunrad, a strange young man whose solitariness has aroused suspicion. He falls for Diemut, but she refuses him abruptly, presumably over-compensating for her real feelings. To punish him she allows him to come up in the basket nearly but not quite to her balcony—then summons the neighbours to mock at him.

Kunrad's forthright, powerful rebuke about the dignity and power of love are followed by an act of revenge for which he summons the magic aid his old master — all the lights and fires in the town are extinguished. Rather promptly for credibility, Diemut sees her error and admits Kunrad to her room. The people changing their minds with equal swiftness, approve and the fires blaze up again ("Dearth of fire" is a possible translation for the opera's title). The approval was not shared by all of Strauss's contemporaries. Dresden took *Feuersnot* in 1901, but it took time to reach Munich.

The opera, which is full of dialect and folk or folk-type material (one can imagine Orff setting such a subject, in an entirely different style), begins rather like grown-up *Hansel and Gretel* but soon passes to bigger things. There are one or two orchestral passages that bring one in sight of the wilder shores of love and hate soon to be explored in *Salome* and *Elektra*. Diemut, who with her pretended scorn has a touch of Shakespeare's Beatrice, is forcefully characterised. In Kunrad, Strauss created his best baritone role till Barak in *Die Frau ohne Schatten*.

Diemut and Kunrad were most excitingly taken by two promising young singers—Eilene Hannan and Michael Lewis. She took time to warm up, but soon made amends for initial stiffness; he started at strength but had enough in reserve for his big monologue. The numerous small parts (townsmen who inevitably recall *Die Meistersinger* and three friends of Diemut who are half-way between the Rhinemaidens and the Nymphs of *Ariadne*) were competently taken. The conductor was Nicholas Braithwaite, who had equally sure grip on the opera and the stylistically less varied but sumptuous orchestral fabric of the *Hölderlin Hymns*. The Chelsea Opera Group Orchestra and Chorus and the Finchley Children's Music Group were valiant. There was a large, enthusiastic audience and a sad shortage of programmes.

Cologne

Faust II

Never before have so many productions of Goethe's *Faust* appeared on major stages of both the Federal Republik of Germany and the German Democratic Republic at relatively the same time. The reason may well be the 200th anniversary of the initial creation of *Urfaust*, written in 1775 when the poet was 26 (later discovered and published in 1887 by one of the ladies of the Weimar court, some 80 years after *Faust I* appeared in print in 1808). But another might be Goethe's decision in 1775 to live and work in Weimar at the invitation of the young Duke Charles Augustus, thus beginning the most fruitful period of his brilliant career. To commemorate that occasion, an East German production of the two parts of *Faust* was presented by Fritz Bennewitz in Weimar, two other productions appearing at the same time in Dresden and Karl-Marx-Stadt.

It was left to Hansgünther Heyme, however, to pay fitting honour to this play of genius. Two seasons ago, in the autumn of 1975, he produced *Urfaust* in Cologne on the bare stage of the Schauspielhaus as if to measure the breath and weight of the poetic drama. Now he has done pretty much the same to the twice-as-long *Faust II* in two evenings, one of those rare occasions in which nearly every line is harkened to. The production has proved, once again, an enormous success, although the monumental undertaking costs the theatre an extra DM10,000 for the double performance due to the surplus acting talent for the chorus.

Other productions of *Faust* pale in comparison to the Cologne experiment. Gustav Manker's two-parts-in-one-evening at the Vienna Volkstheater clothed everything in the garb of naive Biedermeier, a rather bad joke on a play that took some 60 years to finish. Klaus Michael Grüber presented *Faust* in Paris in the Salpêtrière Chapel as a dream-like meditation on the play's esoteric, symbolic, prophetic dimensions. Friedrich Beyer's complete *Faust* in Heidelberg took three evenings, became a Mecca for students and lovers of German literature, and was unfortunately ignored by the jury of the annual Theatertreffen in Berlin. That honour fell to Claus Peymann's two-evening production of *Faust I and II*, delivered up to the cultural elite as a medieval comedy with modern twists taken from the circus. All these served as complementary overtures to the Heyme *Faust*, at least in so far as the difficult, almost insurmountable *Part II* is concerned.

Without bothering to go into lengthy details on the production, it is sufficient to credit Heyme's study of classical plays of Goethe, Schiller, and Hebbel throughout this decade (beginning in Wiesbaden, but primarily in Cologne). His ensemble has grown into the habit of reverencing each important word or phrase — maturing, in other words, with each new production. (Among those covered in previous FT reviews, Goethe's *Egmont* and *Urfaust*, Hebbel's *Maria Magdalena* and *Nibelungen*, should be noted.)

Another factor is Heyme's intense interest in Goethe's own time. The late eighteenth century fascinates him as the beginning of the age of technology: that can be noted in every detail of the stage set. Faust is not a creature of the Middle Ages—he is obsessed, as Western Man was at the dawn of the nineteenth century, with inventions and constructions, with unceasing activity and an unquenchable thirst for the new, with a passion for experience. Faust is Goethe dressed in costumes and manner of the Weimar court. The frame for *Faust II* is, in fact the classical Weimar stage, the "Weimar style," in which delivery of verse matches with a setting so ordered as to form a pictorial whole.

Heyme's teacher is Erwin Piscator. He uses every means possible, together with designer Bert Kistner, to give the stage an eruptive quality to convert scenic action into contagious unrest. Faust and Mephisto romp through a world of steel construction pipes and mechanised contraptions heralding the dawn of the modern age.

RONALD HOLLOWAY

Museums united

The independent museums of the U.K., which number approaching 500, have come together to form an Association of Independent Museums with the main aims of exchanging information and protecting their interests. Although they often receive aid from local authorities and even the Government the independent museums tend to be privately run. To date just over a hundred museums have paid the modest £5 joining fee.

The last few years have seen a remarkable growth in new museums, and their success can be judged by the fact that for the five years of its existence the Museum of the Year Award has always gone to an independent museum. The newly formed AIM is publishing a quarterly bulletin, and should act as a pressure group.

Its members include: Marylebone Cricket Club, Lords; the Brighton and Hove Engineerium; National Museum of Labour History; Wookey Hole Caves; Gainsborough's House; and Norton Priory Museum, which grew out of an archaeological investigation of an Augustinian Abbey Priory on Merseyside, plus many more.

A.T.

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Facing up to reality

YESTERDAY'S statement and White Paper from Mr. Eric Varley, Secretary for Industry, marks a very important change in the Government's policy towards the steel industry. With one major exception—the decision to defer a capital reconstruction—the Government has faced up to reality and approved a rigorous cost-saving programme which may, after a further period of losses, restore British Steel to financial viability.

First, the so-called Beswick plan, which had reprieved a number of high-cost plants till 1980 or beyond, is buried. The BSC management is free to proceed with closure negotiations at those plants whose iron and steel-making facilities are no longer required. This presumably includes not merely Shelton (where the plan for a new electric arc furnace, though officially "deferred," is unlikely ever to be revived), but also Shotton in North Wales, which has been the subject of endless haggling between management, unions and Government.

Back door

Second, and perhaps even more important, the concept of "tripartism" is dead. If the Government sticks to the principles set out in the White Paper, neither trade union leaders nor local action groups will be able to use Ministers as a convenient back door through which decisions of management can be overturned. "The Government," says the White Paper, "will give full, sustained and public support to the BSC in their efforts, including the steps needed to achieve improved productivity." The document points out that over the last three years BSC produced about 100 tonnes of liquid steel per man year, compared with 1976 figures of 150 tonnes in Germany and 120 tonnes in France.

It has taken a long time for the Government to reach this position. The instinctive desire for job preservation which underlay the Beswick plan has at last been abandoned in the face of losses which, in the absence of remedial action, could have totalled as much as £2bn. over the next three or four years. No doubt the Government was also influenced by the fact that local employees, seeing the writing on the wall more clearly than their national leaders, were prepared to accept redundancy if the terms were right. The cost-cutting measures outlined in the White Paper are virtually identical with the plan worked out internally by the BSC's top management last September.

The one issue on which the Government has played for time is finance. Instead of the capital reconstruction that had been expected, the BSC is to be kept going by subscriptions of capital under Section 18 (1) of the Iron and Steel Act 1975; this will require legislation to increase BSC's borrowing limits and "more detailed information about financing BSC will be made available at that time." The argument is that the uncertainties of the steel market make it difficult to determine what a viable long-term capital structure should be.

Whether the Government is right not to grasp this nettle is very much open to question. The Prime Minister was naturally anxious to avoid the opprobrium of large-scale capital write-offs in the months leading up to an election. (Despite the White Paper's crude attempt to blame the BSC's weakness on the Tories, the public is well aware of the present Government's contribution, or lack of it, since 1974.) But there is a real danger that the apparently open-ended injection of public funds will give rise to retaliation in the U.S. (possibly through the imposition of counter vailing duties) as well as unease in Brussels. The only defence is that it is a temporary expedient which will soon be replaced.

False dawns

But what matters most of all is that management should use the opportunity created by the Government's statement, and by the agreement signed with the principal unions in February, to secure a dramatic improvement in productivity and performance, especially on quality and delivery. There are signs that the introduction of productivity schemes in some of the more modern plants, such as Port Talbot, are having an effect. Lower manning in these works is at least as urgent as the closure of old facilities; so, too, is a reduction in losses due to disputes. There have been false dawns in the BSC before: the Corporation still faces immense difficulties, both internally and in the market. But at least some of the obstacles imposed by Government have been removed.

Profit outlook uncertain

THE ESTIMATE of gross domestic product for 1977 published by the Central Statistical Office earlier this week makes the profit outlook for the present year more uncertain than ever. In 1976, gross trading profits net of stock appreciation rose very little even in money terms. During the first half of 1977, however, they were no less than 30 per cent. up on the same period of the previous year. This was very largely due to increasing output of North Sea oil, profits from which had by that time grown to about 15 per cent. of the total.

Profits from other activities, however, were also helped by the relatively slow growth of labour costs and the slackening rate of increase of raw material prices: they were up, half-year on half-year, by some 10 per cent. The Bank of England suggested in December that, with costs still rising relatively slowly and some revival in demand, profits should continue to recover until at least the early part of this year. But it pointed out, too, that the recovery between 1976 and 1977 had still left the share of profits in national income little more than half of what it was at the beginning of the decade.

Low return

By March, the Bank had revised its picture a little. Profits were continuing to rise strongly. During the first three-quarters of 1977 they were about 45 per cent. up on the same period of 1976. The rise in profit on activities unconnected with the North Sea was about 30 per cent., again because of the slower growth of labour and raw material costs. But the reduction in involuntary stocks which the corporate sector succeeded in making during the third quarter had helped to bring it out of large financial deficit into moderate surplus. Whether this situation continued into 1978, the Bank considered, would depend to a considerable extent on the size of the increase in capital spending.

And about the size of the likely increase, the Bank was clearly sceptical. It underlined again the fact that profits, though higher, were low by past standards: on non-North Sea activities, it reckoned, the real rate of return on capital was about 3¾ per cent., compared with 9-13 per cent. during the nineteen-sixties. The latest official investment intentions survey suggested a fairly sharp increase for both 1978 and 1979. This, the Bank considered, did not seem "altogether consistent" with reports from the CBI and its own contacts about the small upturn in business confidence and little hope of anything other than a low rate of return on capital.

Levels out

The fourth quarter figures published by the CSO earlier this week seem to justify the Bank's scepticism. Profits in that quarter were indeed nearly 40 per cent. higher than in the same quarter of 1976, bringing the total increase for the year to 49 per cent. But the sharp recovery which began in the second half of 1976 had—after taking account of stock appreciation—all but petered out by the end of 1977: the increase between the third and fourth quarters was only from £2.961bn. to £2.966bn.

Since North Sea oil has played such a major part in the recent rise in profits, it may be that various delays and checks to production were partly responsible for this levelling-out. But although the outlook plainly differs from one company to another—those heavily reliant on exports or subject to import competition face a more uncertain future than those well placed to benefit from the expected increase in consumer spending—it would be rash to look for another sharp increase in profits or place too much reliance on the survey of investment intentions.

Lebanon: an experiment reaches dead end

BY ROGER MATTHEWS ● Beirut, March 22

THE SUFFERING of Lebanon, like the circuitous illogicalities of of Middle East politics, appears to know no end. Physically battered by 18 months of sometimes barbarous civil war, threatened by partition, politically embittered and economically half-ruined, Lebanon has in the past week been subjected to the awesome weight of the Israeli military machine. Many civilians, among them women and children, have been killed and maimed by some of the world's most sophisticated conventional weapons.

Another 170,000 people, perhaps, have been forced to flee their homes and their livelihoods. Homes, shops, roads and bridges have been blasted or destroyed.

All of that can but add to the sum of human misery, one of the best breeding grounds for extremism, intolerance, and political nihilism. It is difficult to see who has benefited, and all too easy to predict that more strife lies ahead. Lebanon did not have an effective Government before the Israelis invaded. It still does not, and no one predicts that it will have one in the foreseeable future.

Israel says it did not have secure and defensible borders before it occupied a slice of Lebanon, and still does not. It is arguable that only peace with its neighbours can achieve that. The Palestinian problem has not been solved by the Israelis. The "evil arm of the Palestine Liberation Organisation," as the Israeli Prime Minister, Mr. Menahem Begin, put it, has not been amputated. It has been hurt, but it shows every sign of being politically active, and back in the forefront of Arab attention.

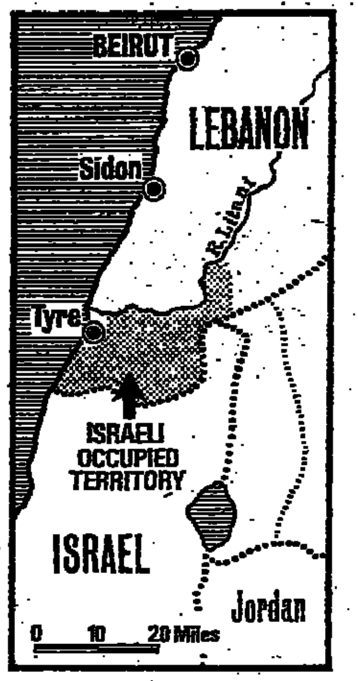
In the meantime President Sadat's peace initiative has suffered another blow but not a fatal one; Arab divisions and posturings have been embarrassingly revealed; those who argued that the Israelis only understand force can claim that they have been right all along; and Lebanon is left with the prospect of a second peace-keeping force and, at least temporarily, a more difficult domestic situation.

Whichever way the problem is approached it always seems to revert to the central issue of the Palestinians. Each of the Arab states argues from time to time that there can never be peace in the region without their participation. The PLO has made the same point, very forcibly in the past 12 days, and the temptation must be to agree with all the parties. Certainly the Lebanese find it extremely difficult to contemplate a peaceful future that does not include settling the Palestinian issue.

As the Israelis again appear to have proved that guerilla or terrorist activity in support of Palestinian demands cannot be eradicated by military means, the only and perhaps forlorn hope for the Middle East in general and Lebanon in particular is that more determined efforts should be made in the political arena. That opportunity has not been improved in Lebanon during the past week, but perhaps it has been better recognised by the major world powers. The terms of reference for the United Nations peace-keeping force in southern Lebanon, now being assembled, precisely highlight the start of the circuitous argument.

United Nations Resolution 425 which calls for the withdrawal of Israeli troops from southern Lebanon states that the purpose of the peace keeping force among other things will be to ensure the return of effective authority in the area to the Government of Lebanon. If achieved, this could be seen as real progress because previously the Lebanese Government had no authority in southern Lebanon. But neither has it enjoyed authority in the rest of the country since the Syrians, later to assume the mantle of an Arab peace-keeping force, moved in during 1976 to put a halt to the civil war. Southern Lebanon in fact became the balliwick of the Palestinians, in part because the Israelis made it clear to the Syrians that they should not move closer to the border than the Litani River. The Israelis, having flushed most Palestinian guerillas out of the area south of the river, now insist that they should never be allowed to return. The only force in Lebanon that could guarantee such an arrangement is the Syrians—or, of course, the Israelis—should the difficult process of getting and sustaining the United Nations force in place prove impossible

But it seems unlikely that the Israelis are going to withdraw quickly. Every day that passes puts more pressure on the country's social fabric and on the Lebanon Government. The current constitution dates from 1943, two years after General de Gaulle's Free French declared the country's independence. It is a careful although now hopelessly outdated attempt to maintain a balance between different confessional elements. The original aim, which was achieved, was to ensure domination by the Maronite Christian community, whose links with Europe date back many centuries. Thus the Parliament is divided between 55 Christians and 44 Moslems. The President has always to be a Maronite, the Speaker of the House a Shiite Moslem, and the Prime Minister a Sunnite Moslem. As the arrangement reflects population weights as they were more than four decades ago when the Christians were numerically dominant, it is scarcely surprising that the Arabs have become ever more restless. Every year it became more obvious that immigration and differing birth-rates were altering the balance. Significantly, no new census has ever been carried out.



A civilian refugee flees on his motor-cycle from the advancing Israelis.

During the 1960s and for the first half of the 1970s this racially and confessionally inter-mixed state survived its crises, flourished economically, and provided a unique blend of western and Arab cultures. The torn and battered Beirut of to-day still has one or two good French restaurants, some elegant boutiques — and the poverty which together with massive corruption helped to sow the seeds of the approaching chaos. Link to this the fact that even before the civil war some factions maintained private armies, that the Lebanese army was kept at token strength only to avoid being drawn into Arab-Israeli conflicts, then add in a growing number of rootless but militant Palestinians, and the mix becomes explosive.

Homeland of their own

Having been bloodily thrown out of Jordan by King Hussein in 1970 and 1971, armed Palestinian guerillas arrived in Lebanon in increasing numbers to add to those Palestinians made homeless by the creation of the State of Israel and by the 1967 Middle East War. The Lebanese Government did not have the force to control them, and it is, perhaps belatedly, becoming more generally accepted that they will not just fade away and stop demanding a homeland of their own.

The militant right-wing Christians in Beirut are adamant that the guerillas and their camps must be removed from the face of Lebanon. They have co-operated with the Israelis in an effort to achieve this. Although delighted that the Israelis moved into southern Lebanon for a while, they are less happy about the arrival in Beirut of tens of thousands of Moslems, some of whom are left-wing allies of the Palestinians, together with an increasing number of Al Fatah guerillas who form the fighting backbone of the PLO. Some Christian leaders reportedly are furious about the intention to bring in United Nations troops, who, they claim, will be providing "free protection" for the Palestinians.

The Palestinian refugees and guerillas from the south, who have no homes to return to, meanwhile look like being squeezed increasingly into the area north of the River Litani running up toward the port of Sidon, at which point they come into Syrian-controlled territory. It is not yet clear what attitude Syria will take, but as it intends to fight Israel only when full preparations have been made, it is presumably prepared to exercise its influence on the Palestinian fighters and to prevent them lobbing shells or rockets into Israel. That is still feasible from north of the river.

There is, of course, nothing to stop Palestinian seaborne attacks on Israel such as that which led to the killing of more than 30 civilians and which provided the pretext for the Israeli invasion. The Palestinians know very well that they are hated by the Christian population and strongly disliked, if not loathed, by an important proportion of Moslems, too. But in their daily struggle for survival this will not stop them doing what they see as necessary to achieve their, at times, apparently hopeless goal of an independent State.

Therefore wherever the hard-core Palestinians are, there will be tensions with the more established population—in this case the area between Sidon and the River Litani which, some people think, will become a new "Fatahland."

Amid these dangers, which are ideal for any faction wishing to provoke a more general conflagration, President Elias Sarkis of the Lebanon has the unenviable and perhaps impossible task of putting together an army that could take control of his country; that would lift the threat of further punitive Israeli incursions; and that would fulfill the requirement of Resolution 425, leading to an eventual withdrawal of the UN force. How do you form a muti-confessional army without the main contributors agreeing politically? And how do you get political agreement when the country teeters endlessly on the brink of further armed conflict? The mere idea of building another army in a country bristling with weapons over which there is only limited control is enough to frighten some war-weary Lebanese.

President Sadat's visit to Jerusalem was supported by much of the Christian and Moslem communities precisely for that reason, and because it offered the hope that a new start was being made in tackling the Palestinian issue. On the other hand the PLO was initially divided by President Sadat's move, its position in the Arab world tended to worsen, and it feared that it was again to be by-passed.

Following Mr. Begin's decision to invade, the Palestinians have lost some guerillas who can be replaced, are back in the front line of the Arab cause; are delighted with having taken on the Israeli military for at least seven days; have seen a deepening confrontation between Jerusalem and Washington; and they have been reminded once more of the value that can be placed on Arab protestations of unity. Thus they are on their own, and they stay in Lebanon. But it is a Lebanon that has yet to absorb the full impact of the Israeli blow. If the Israelis do not move out swiftly, it is feared that uncontrollable forces might push the country towards partition, but quite how and to what end other than physically separating the factions no-one seems to know.

It is unlikely that a separate Christian state could be economically or politically viable and, as the British should know probably better than anyone, re-drawing maps in the Middle East is both bloody and perhaps more divisive than the problem it is intended to solve. That does not mean that boundaries will not be redrawn in the coming months or years.

The one glimmer of hope, and it is no more than that, is that the Lebanon has now been "internationalised." A solution to the Middle East crisis more acutely matters to this country than it may have done a couple of weeks ago. To illustrate how elusive hope can be in Lebanon, it is even suggested that any change is almost better than the dangerous stalemate that has existed.

Like an angry child which cannot make the pieces of a jig-saw puzzle fit, one might be tempted to throw the lot into the air and pray that it comes down in a more potentially solvable form. For some people close to the Sarkis Government that could be the effect of the Israeli invasion. But for the ordinary Lebanese the struggle is for survival to-day and maybe to-morrow morning. Who it is that brings peace is much less relevant that the need for peace itself.

MEN AND MATTERS

Palestinians move in again

The Palestinians may have been driven from Southern Lebanon, but here in London they have started a new occupation—of the offices of the Arab League. As a result, the usual bustle in Green Street has now been replaced by the ordered fervour of the General Union of Palestinian Students (GUPS).

The visitor is greeted by the Palestinian flag from GUPS's Middlesbrough branch—"No unmarked flag was available," I was told—and by fresh Arabic signs on the walls saying "Neatness and hygiene are revolutionary goals."

Security is tough: the students want identity cards from visitors, but refuse to give their names. One young spokesman told me they had had visits from "too many journalists, especially from so-called leftist papers."

The occupation had been a civilised, almost rehearsed affair. GUPS moved in at tea-time and stayed when the Arab League packed up for the night. Last year they had run a previous occupation to protest against Sadat's treating with Begin. Now, I was told, the target was not the Israelis but was the Arab regimes' failure to react to the "Zionist invasion."

On Monday 40 followers of GUPS started an "indefinite" hunger strike in support of the Palestinians and Lebanese and those arrested in Amman and "the Zionist entity"—as they call Israel—after demonstrations this weekend. GUPS had spared the downstairs offices of the PLO because its followers are fighting. But for the young men and women of GUPS, the PLO's leadership, too, is rotten. After all, it had accepted that "imperialist UN resolution, number 242."

"It's an odd feeling, I'm stepping exactly in my father's footsteps!"

Lordly view

Down at the Lords, members have been looking at one another with a wild surmise since Lord Home's Tory team proposed on Tuesday that the heredity principle should be abolished. Would any peer be bold enough to stand up and make a last-ditch defence of the principle?

One who dares is Lord Sudeley, seventh of his line, who lists his recreations as "ancestor worship and cultivating his sensibility." He believes he is far from being alone in the Lords in wanting to save hereditary rights. "What is more," he says, "it is not proved that the principle is unacceptable to the public at large." Although Sudeley admits to being a "Conservative backwoodsman," and is an Old Etonian, nobody could call him an old dodderer. A mere 39, he plays an active part in the Lords and only this week he introduced a Bill—but quickly withdrew it—contesting the right of bishops to alter procedure in the Church of England.

I asked Sudeley whether he thought that the hereditary principle—described as colpricious by the fourteenth Lord Home—did not reduce the range of members. "Certainly not," he said. "Lord Teviot was a bus conductor and he can tell us a lot about transport problems." He added that since the fall of the Roman Empire the hereditary method had proved more long-lasting than the democratic one. I asked Sudeley what he thought of life peers. "Not a good idea," he said sternly.

When the Lords in their leisured way get around to debating their uncertain future, we may thus see as heated exchanges between Sudeley and the Tory front bench as between him and Lord Milford—another product of Eton, but a communist who is a 76-year-old veteran of the International Brigade and has long wanted the whole Lords abolished forthwith.

Side show

About the only light relief in Brest—with the Amoco Cadiz close by—is the all-star cast of what the locals are looking on as the "travelling disaster circus." This has its jugglers (insurance assessors), its acrobats (pollution control experts) and its clowns (public relations men and the "wild beasts" from the newspapers of the world).

Our reporter, Mark Webster, says they have packed every hotel in what the locals fear may be their last tourist boom ever.

There is one American in port from Clean Water Ltd. who says he is "in a looking-at-the-pollution situation at this present moment in time." There is another with a blue beret and large drooping moustache who lacks only a string of onions to complete the caricature of a Breton. But he turns out to be the environmentalist of Amoco—so his "disguise" is perhaps wise.

But among the free-lance pollution controllers pushing their magic prototype machines there is one to whom I wish success. He has some bacteria which not only eat oil but are considered a delicacy by the fish who gobble them up. Sad that the bacteria are both in short supply and even more expensive than the threatened Brittany oysters.

In the pink

A revelation that should help to stabilise the cost of Christmas dinners (not to mention increase the sales of this newspaper to poultry farmers) has come to me from New Zealand. As any turkey breeder will know, the chicks are notoriously reluctant eaters, and a usual tactic is to scatter feed enticingly on pieces of newspaper. An English emigré, turkey-farmer, Roger Hill, chanced to scatter seed on pages from the Saturday edition of the FT—which he gets regularly to keep in touch with the old country. His chicks showed immediate enthusiasm and their mortality rate has dropped markedly.

Hill is sure they prefer to eat off pink paper, although some of his friends think the chicks just like reading the stock exchange prices. Suspecting that turkeys may be colour-blind (and the whole thing a canard, as you might say), I checked with the Natural History Museum: it seems that diurnal birds can distinguish colours just as well as humans. So those turkey chicks do genuinely know a good thing thing when they see it . . .

Observer

هكذا من الأصل

ECONOMIC VIEWPOINT FROM WASHINGTON

Trying to stop a world economic war

ſ IS in many ways a pity that ıe Carter-Callaghan summit, ɔw taking place here in Wash- ıgton should have come at a me of acute concern about the ɔllar. International currency ressures are indeed a key item ; the agenda, but the purpose the meeting is much broader. arises from a concern on the art of the two leaders and ıeir advisers about the fragile ate of the world and the need ı avert a series of aggressive ationalist measures and re- risals which would shatter hat remains of the post-war orld economic order.

The underlying issue of ourse is the disappointing re- overy of the world economy rom the 1974-75 recession and ıe persistence of historically igh unemployment rates in the ıte stages of an upturn. verage unemployment levels ı the industrial countries of ıe OECD have remained stuck t around 5½ per cent. for over wo years.

There is much disagreement nd uncertainty both about the ature and the severity of the ıalaise and the appropriate emedies. The differences, more- ver, cut across both national nd party lines. This may make iscussion more amicable, but olutions more difficult.

The problem is often des- cribed as a worsened trade-off etween unemployment and ıflation. But this is to under- tate it. The point is that the nemployment rate consistent ith any non-accelerating, non- xplosive rate of inflation ; so much higher than we all upposed in the heyday of post- rar full employment policies. ndeed, a demand boost which aises the inflation rate benefits mployment very much less than t used to do, even in the short un. And the end result is on alance destructive of jobs.

In both the U.S. and Britain the unemployment rate is about 6 per cent. But because the U.S. census method of assess- ment produces higher figures than the British count, for a true comparison at least 1½ per- centage points have to be added to the British figure. (Inter- national comparisons on a standardised basis are given on page 42 of the National In- stitute of Economic and Social Research February review.)

The British inflation rate is well below 10 per cent. and has been falling. The U.S. in- flation rate is above 6 per cent. and rising. In the industrial world as a whole new IMF figures show that the inflation rate fell from a 1974 high of over 15 per cent. to the 7 to 7.5 per cent. range in the second half of 1976, and after a temporary relapse last year is now back in this lower range.

Price increases are being dampened down in Britain by the effect of North Sea oil and the return of confidence on the sterling rate. The U.S. inflation rate, on the other hand, is being aggravated by attempts of over- seas dollar holders to unload their holdings, and also by some special cost increases arising from agricultural, social security and employment policies. Administration econo- mists devoutly hope that these are once and for all forces and they hope to persuade the President and Congress to rescind some of them.

What is the best that a sensible optimist might hope? It is that the U.S. will adopt monetary and fiscal policies consistent with maintaining the unemployment rate about its present levels, but not attempt- ing to drive it down further by demand boosts from Washing- ton; and that this will in time stabilise the inflation rate and eventually allow it to decline gradually. The rest of the world will have to be content with at best a very gentle fall in pre- sent unemployment rates stop- ping well short of the targets that political leaders proclaim. This would allow some improve- ment on the world growth rate achieved since 1977, but nothing to shout about.

Glyn Genn

Prime Minister James Callaghan and President Jimmy Carter—they are meeting in Washington to-day.

Two things could upset this process: one would be if elec- torates were unwilling to tole- rate the prospective unemploy- ment rates. In fact U.K. labour ministers concerned with econo- mic policy have been astonished by the lack of interest in the unemployment issue in their own constituency parties. And in the U.S. opinion polls show a clear majority of people more concerned with inflation than unemployment—overwhelmingly so when asked what matters most to themselves personally. Professor Robin Marris—no Re- publican, but an ex-Cambridge social democrat, now at Mary- land—argues that better arrangements for social security inevitably increase reported un- employment. Even in the longer run he believes that employment opportunities are growing as fast as total population if not quite at the speed experienced in the 1960s. His critical analysis of the theories of economic doom- sters is outlined in the Devries lectures soon to be published by the North Holland Press.

And yet the nagging doubt remains. Quite possibly unions, farmers' groups, professional associations and other producer groups have not yet made full use of their market power or political leverage to price people out of jobs. There are plenty of signs of this in the U.S. from the expensive proposed miners' settlement, the Farm Support Bill passed by the Senate, and the long-term escalation of medical costs. In the UK the respite gained by pay and price controls is deceptive and tem- porary. If these pessimistic fore- bodings are right, the sustain- able unemployment rate would be much higher than 5 or 6 per cent. Moreover, even if ministers are not under pressure about unemployment in general, they are very exposed to the sufferings of particular indus- tries under pressure from imports or other structural change. Another pessimistic argument is that the investment prospect will remain clouded so long as proprietors are un- certain as to how much of the return on new capital they will be allowed to retain. The basic problem is that in Europe and even North America the mean- ing of property rights to-day is unclear, disputed and unpredict- able.

A debate is scheduled at the Wilson Centre next Tuesday between the British Ambas- sador, Mr. Peter Jay, and Pro- fessor Paul McCracken on whether the Western political economy is stable. If I could stay in Washington for it, I should side with the "don't knows" and the path ahead is at best along a tightrope.

Basic measures to improve upon, or live with, the sustain- able unemployment rate will have to be primarily domestic. The task of summit meetings is to tackle avoidable threats to the precarious stability we still enjoy.

The most important and urgent of these threats is the pressure for more protection. U.S. negotiators make it clear that they regard the British as almost as mercantilist and as bloody-minded as the French in the multilateral trade negotia- tions going on in Geneva. There is some hope that Mr. Callaghan might move in the free trade direction, but only as part of a more general deal to which the U.S., West Germany, Japan and France would also contribute. Such a deal would be sealed at the forthcoming five-power summit this summer.

The exact nature of the U.S. contribution is a matter of debate. The one consensus point is that the domestic U.S. oil price is now held down way below world levels and must rise—whether by the domestic energy surcharge now stuck in Congress, price decontrols, or an oil import levy—at present the hot favourite. Even someone who is sceptical about the much forecast explosion of the real oil price in the mid-1980s, would have to agree that harm is done by keeping U.S. energy prices below world levels.

The main contribution from France would probably be in the trade field, too. Japan would be expected to go farther in open- ing its home market to imports, and also to free overseas invest- ment still tightly controlled in spite of the many years of pay- ment surplus.

This leaves the most difficult problem of all — the German- American argument over the dollar, growth et al. The Ger- mans complain that dollar de- preciation is hampering their own recovery by undermining their competitiveness. But they are reluctant either to buy dol- lars to stabilise the exchange rate or to expand domestic de- mand to take up the slack of which they complain.

Some U.S. policymakers can, however, see a possible way through this impasse. Because of the over-development of the German export sector, the Ger- man authorities desire a rise in world demand for their goods, even though they would regard a domestic stimulus as infla- tionary. Why not then en- courage exports of capital to the developing world from surplus countries such as Saudi Arabia, as well as Germany and Japan? A major proportion of such financial flows would come back in export orders and thus boost activity.

The surplus countries—and in particular Saudi Arabia—are reluctant to bear the default risks themselves. But an organised pooling of risks would make the venture more attrac- tive. The argument is that in the present state of the world economy, the social return from such an investment in a third world country would be larger than the private one, thus justi- fying the governmental guaran- tees.

The total stimulus to world demand which some U.S. ad- ministration members expect from these and other summit measures is $10bn., or about a quarter of a per cent. of the OECD aggregate national pro- ducts before allowing for mul- tiplier effects. This is hardly excessive in the present world conjuncture, provided that it is not the harbinger of many other such steps.

In any case it is difficult to quarrel with the basic U.S. argument that so long as there is such uncertainty and confu- sion about the economic direc- tion of all the main industrial countries, there is no basis on which the foreign exchange markets can value different cur- rencies. Once the underlying direction of policy in different countries is clearer, it may be sensible to talk about plans to limit currency movements in crawling peg fashion. To which I should reply that if this happy event materialises, there would be no need for such plans be- cause unimpeded floating would work perfectly well.

Samuel Brittan

Letters to the Editor

Nuclear power

rom the Deputy Chairman. .K. Atomic Energy Authority.

Sir,—I have only recently re- urned from America so this is ıe first opportunity I have had ı comment on David Fishlock's rticle of February 24 concerning ıy Graham Young Memorial ecture. On essential points it as accurate as usual, but neces- arily it was not complete and so ır. Nigel Forman, in his letter f March 2, was drawn into some ıcorrect comments.

The sense of the proposals I ave made is that fast reactors ıcinerate plutonium; they can lso be used to produce plu- onium but the quantity produced ; optional. The balance between ıcineration and production can e chosen although in no cir- umstances could the net produc- on rate match the high values of ur existing thermal reactors. It till remains true that, once aunched, the only feed to the ast reactor fuel cycle is Uranium 38, which is plentiful. It still emains true therefore that the ast reactor overcomes uranium onstraints. Indeed it is worth emembering that the uranium lready imported into the U.K. is n energy resource which dwarfs ur total coal production over ome centuries—provided we use ıat uranium in fast reactors. he balance we choose between ıcineration and breeding in the ast reactor does not affect the otal size of that energy resource. : only affects the rate at which e can convert it to electricity.

The second point I wish to ıake is that the new Civex plant hich Dr. Chauncey Starr and I ave proposed is applicable only ɔr fast reactor reprocessing hen plutonium fuel is fabri- ated from material itself pro- uced in the fast reactor. The horp plant at Windscale will andle plutonium produced in ıermal reactors and therefore erves a different purpose. The nportant point to remember is ıat reprocessing plants of the horp type are an essential pre- equisite to launch fast reactors. eprocessing plants to maintain ıem in the distant future will erve a different purpose and give s different technical oppor- unities.

Dr.) W. Marshall, C.B.E., F.R.S.
1, Charles II Street, S.W.1.

Actions for damages

rom the Chairman. ritish Legal Association.

Sir, — The Pearson Commis- ion (March 17) on "no-fault ompensation" appears at first lush to rebuff those who may ish to make the injured person ntirely dependent upon the tate for compensation. Happily ıe right of action in the courts ɔ claim damages from the rong-doer is retained. The Gov- rnment should resist the attacks pon solicitors and barristers hich some will engage in, in efault of reasoned argument, hen considering whether or not ɔ implement any of the Com- aission's recommendations.

The British Legal Association roposed that "no-fault compen- ation" should be limited to hose grievously injured in mind r body but unable to succeed n an action for damages because f the absence of negligence or f the proof thereof. I still be- ieve that this would be the best ourse to adopt. Apart from irecting help where it is most eeded, it avoids the careful itizen having to subsidise the riminal or wantonly reckless save in cases of serious injury.

It remains to be seen whether the vast sums of money required to implement the Pearson recom- mendations can be found; whether its estimate of cost is realistic and whether we can or ought to sustain a further and considerable increase in the number of bureaucrats involved in the administration of the full scheme as recommended. Britain is not New Zealand and compari- sons with that country in terms of cost and the incidence of claims are not realistic.

S. P. Best.
29, Church Road, Royal Tunbridge Wells, Kent.

Deadline for pensions

From Mr. K. Forrest.

Sir,—A report on page five of March 20 stated: "Employers waiting till deadline to quit state pension scheme." What other choice was there? The National Insurance contribution rates for the 1978/1979 tax year, including the all-important lower earnings limit and upper earnings limit, were not an- nounced by the Government until December 1, 1977. Only then could employers communi- cate this to contracted-out employees.

The Occupational Pensions Board requires sight of virtually all communications made to employees as part of the vetting process leading to issue of a contracting-out certificate and the board impose a three months' delay period so that employees and unions can object to the company's application to contract out. Do not, therefore, blame the employers for the inordinate time that this whole ludicrous business is taking.

We see often enough statistics on how many applications have still to be received. That is in no way surprising, and it would be far more interesting to learn how much use has been made of the three months' delay period. Would the OPB care to say how many objections have been received to company applications to contract out?

K. R. Forrest.
Hayden House, Gloucester Road, Staverton, Cheltenham, Glos.

Managers' unions

From the President, Association of Professional Scientists and Technologists.

Sir,—In his letter last Satur- day Mr. J. Appleyard rightly pointed out that the British Institute of Management can in no circumstances ever be a col- lective representational or nego- tiating body for individual managers. Managers, he con- cludes, should join a trade union, but he names only one, the Association of Scientific, Technical and Managerial Staffs, as a possible option.

If managers find the policies and actions of this union accept- able then it is an effective option, but it should be clearly stated that there are others. For example, a manager in the private sector of science or tech- nology-based industry can join the Association of Professional Scientists and Technologists which has exclusive bargaining rights, for instance, for the 9,000 managerial and professional staff in Imperial Chemical Industries and representational rights for members in senior management grades in that company. In other industries there are similar unions.

The choice for the manager is between ASTMS, in which managers form only a tiny pro- portion of the total membership, which is affiliated to the TUC and is politically committed, and a certified independent union devoted entirely to managers in one industry which is not affiliated to the TUC and is politically independent. This is entirely a matter of personal choice.

To meet the need to speak col- lectively to government, which is largely responsible for the financial problems of all managers, many of the indepen- dent managerial and professional unions have formed a Manage- ment, Professional and Staff Liaison Group which can speak collectively for about 500,000 managerial and professional workers and which can be con- sulted by the government on their behalf.

Maurice B. Green.
(North Region Office).
175, Station Road, Swinton, Manchester.

Control of education

From the Chairman, Kent County Council, Education Committee.

Sir,—Mr. Roland Freeman (March 16) makes particular reference to the education service in connection with his Bow Group pamphlet "The rates riddle." Un- fortunately he reveals major mis- understandings about the service and its relationship with local government.

The first misunderstanding is that he thinks that education is so tightly controlled by central government that it would make no difference if it were paid for by 100 per cent. grant from the Government. Anyone who serves on an education committee of a local authority will know only too well that this is not the real situation. Of course there is a considerable degree of central control in a limited number of areas but there are also very wide areas of policy making in which the authority has a free hand. Can anyone really doubt that this situation would soon dis- appear if Mr. Freeman's sugges- tion of 100 per cent. central government funding were to be adopted? Indeed for those of us in local government who have the interests of the education service at heart a major issue is how to extend the area of local freedom and we base this view on some of the appalling results of cen- tralism in action that we have seen in recent years. To us there- fore Mr. Freeman's proposal is something to be resisted in every possible way and with all the strength we can muster.

Mr. Freeman's second mis- understanding concerns his suggestion that education powers be given to district councils. This part of Mr. Freeman's proposal really of course depends on his 100 per cent. grant proposal because it is abundantly clear that the education service is a financial burden that the districts would simply be unable to take aboard now and at the same time run it to currently acceptable standards. Mr. Freeman's re- ference to existing metropolitan districts being education authori- ties is of course highly mislead- ing as only a handful of district councils outside the metropolitan counties are of a size and have the resources of the present metropolitan district councils. Many of us would agree that all the present metropolitan districts are really strong enough to be fully effective education authori- ties in present times. What is accepted for the sake of stability would not necessarily be accept- able now from choice.

Mr. Freeman should not only study the evidence on this matter (for example that submitted by the Department of Education and Science before the last re- organisation) but should also take account of the huge increase in the educational bureaucracy that his proposals would involve. The increase in administrative costs would be very large and, while under Mr. Freeman's pro- posal the cost would be met from taxes and not from rates, it would still be paid for by the public.

It is a great pity that Mr. Free- man moves into these areas of which he clearly knows so little because his grave errors here tend to vitiate his whole proposal, of which some part may be worth further examination.

John Barnes.
Springfield, Maidstone, Kent.

Community service

From the Chairman, Community Service Volunteers.

Sir,—In commenting on the Department of Education and Science discussion paper "Higher education into the 1990s" (March 18), Lord Robbins wrote that "one of the best solutions to the problems posed in this admirable paper would be some intro- duction of a period of deferment of entry to higher education after leaving school."

That Lord Robbins should put his considerable educational in- fluence behind such a proposal is worth bringing to the atten- tion of your readers again. The decisions on our future invest- ment in higher education will have a major influence on the new managers of the 1980s and beyond.

When, in 1962, Dr. Alec Dickson the founder of Com- munity Service Volunteers and Voluntary Service Overseas suggested that 15-18 year olds could both contribute and bene- fit from a period of community service before going into employ- ment or higher education he was a lone voice. Sixteen years later, CSV is now placing over 2,000 volunteers a year and is the largest voluntary agency in this field in the U.K. It has provided the model for similar organisa- tions in the U.S. and in other countries. Despite the fact that its benefits of broadening and maturing the individuals and pro- viding a much better foundation for further study and selecting a career, the numbers involved are almost insignificant com- pared to the total number of school leavers and university entrants. That is why I welcome Lord Robbins' comments.

A letter does not allow sufficient space for discussion of all the issues involved in what is sometimes called "a year between," should it be compul- sory national community service (rejected by Lord Robbins) what provision should be made for those who will not go into higher education, how should it relate to the various Manpower Ser- vices Commission schemes, do we need more civil servants to administer or can the job be done by existing voluntary agencies such as CSV?

I fear that the vast majority of employers, that is the cor- porate consumers of our edu- cation system, have not even begun to think about these issues and the other problems discussed in the paper and will not con- tribute to the discussion. If so they can hardly complain when the educational products are not what they want or the provision for their own children is insufficient.

John Pulford.
237, Pentonville Road, N.1.

To-day's Events

GENERAL

Prime Minister in Washington for talks with President Carter on world economy.

Negotiating conference for new International Wheat Agreement due to end in Geneva.

The Queen distributes Royal Maundy, Carlisle Cathedral.

London Chamber of Commerce trade mission to Yemen de- briefing meeting, 69, Cannon Street, E.C.4, 11 a.m.

Inquiry into recent crowd dis- turbance at Millwall Football Club.

PARLIAMENTARY BUSINESS

House of Commons: After ques- tions and adjournment debates, the House rises for the Easter Re- cess until Monday, April 3.

House of Lords: Consolidated Fund Bill, all stages. Employ- ment Subsidies Bill, third read- ing. Motions to approve Weights and Measures Act 1963 (Weighed Out Foodstuffs) (Restrictions on Imperial Units) Order 1978; and Weights and Measures Act 1963 (Hardware Textiles and Floor Coverings) Order 1978. State Immunity Bill, report stage. Motion to approve Social Security (Contributions) Conse- quential Amendment Regulations. Debate on export of live farm animals. The House then adjourns for the Easter Recess until Tuesday, April 4.

OFFICIAL STATISTICS

New vehicle registrations (Feb- ruary). Finished steel consump- tion and stock changes (fourth quarter, final).

COMPANY RESULT

Philips' Lamps (full year).

COMPANY MEETINGS

Armour Trust, 37, Upper Grosvenor Street, S.W., 11.45. Allied Insulators, Stoke on Trent, 11.30. Cornercroft, Coventry, 12. Deundi, 1-2, Laurence Pountney Hill, E.C., 12. Pride and Clarke, Winchester House, E.C., 3. Rom- ney Trust, 21, Moorfields, E.C., 2.45. Scottish Agricultural In- dustries, Edinburgh, 12. Spencer Clark, Sheffield, 12.

OPERA

Royal Opera production of Il Trovatore, Covent Garden, W.C.2, 7.30 p.m.

English National Opera per- form Don Giovanni, Coliseum Theatre, W.C.2, 7.30 p.m.

MUSIC

St. Olave Singers in programme for Maundy Thursday, St. Olave, Hart Street, E.C.3, 1.05 p.m.

Catherine Mackintosh (violin), Anthony Pleeth (cello), Colin Tilney (harpsichord) and Richard Webb (cello) in pro- gramme of sonatas and solos by Telemann, Bach, and Gemeniani, Purcell Room, S.E.1, 7.30 p.m.

COMPANY NEWS + COMMENT

Tilling climbs £12m. to record £53.9m.

AFTER INCREASING £4m. to £22m. at halfway Thomas Tilling lifted pre-tax profit 28.6 per cent. from £41.9m. to a record £53.9m. in 1977.

Turnover grew from £671.3m. to £811.2m. and directors say that all sectors of the group, with the exception of engineering and furniture, contributed to the profit increase.

After tax of £17.4m. (£13.1m.) net profit emerges at £36.5m. against £28.8m. The tax charge has been relieved by £10.6m. (£8.7m.), mainly in respect of stock relief and accelerated capital allowances.

Earnings per share on capital increased by a one-for-four rights issue are shown ahead from 16.4p to 18.3p.

Tilling has matched its rights issue forecast by declaring a 2.315p net per 20p share final dividend, which takes the total to 4.315p, against 3.485p last year.

During the year balance sheet gearing was improved by the rights issue, directors say, and net borrowings decreased from £82m. to some £56m. During the year £28m. was invested in additional fixed assets and £13m. in acquisitions.

Year end reserves stand at £156.8m. against £87.6m. in the 1976 accounts. Deferred tax of £44m. was written back, less other items of £300,000, giving a restated 1976 balance of £131.3m. Retained profits of £25.7m., a £400,000 exchange deficit on fixed assets overseas and a £200,000 surplus on sundry items added to the re-stated amount.

Tilling's activities include builders' merchanting, construction materials and services, electrical wholesaling, engineering, insurance, textiles and vehicle distribution.

Since the balance date Clarkson Industries of the U.S. has been acquired within the engineering sector, and Liner Concrete Machinery Co. has been added to the construction materials and services sector.

	1977 £m.	1976 £m.
Sales	811.2	671.3
Trading profit	63.1	52.1
Interest	9.2	10.2
Profit before tax	53.9	41.9
Tax	17.4	13.1
Net profit	36.5	28.8
To minorities	0.8	0.6
Extra-ordinary debits	0.4	1.0
Available	35.3	27.2
Pref. dividends	0.5	0.5
Ord. dividends	9.1	5.8
To reserves	25.7	20.9

See Lex

HIGHLIGHTS

COMPANY	COMPANY
Banro Consolidated	Jones & Shipman
Bejam	Liverpool Daily Post
Boddingtons'	Molins
Bowring (C. T.)	Rockware
Bryant Holdings	Schroders
Chersonese Estates	Tilling (Thos.)
Commcl. Union	Tioxide
Drake & Scull	Trade Indemnity
Gillett Discount	Tube Invs.
Hanger Invs.	Vauxhall Motors

Thurgar Bardex

After writing off an additional £50,000 in respect of "know how," Thurgar Bardex, maker of plastic products, more than doubled taxable profit from £135,835 to £307,995 for the 53 weeks to the end of December 1977. Sales climbed £1.49m. to £4.99m.

Stated earnings for 1977 were 2.31p (0.55p) per 10p share and the net total dividend is raised to a maximum permitted 0.68375p (0.6122p) with a final of 0.48375p.

The directors now say that trading in the current year has been maintained at a satisfactory level.

After tax of £153,000 (£70,114) the net balance emerged at £154,995 (£65,741).

Schroders up £1.3m. to £3.5m.

CONSOLIDATED attributable profit of Schroders for 1977 rose from £2.21m. to £3.5m. This comprised the profit of banking and insurance subsidiaries of £4.4m. against £3.6m., after tax and transfers to inner reserves; net profit of Schroders and the non-banking subsidiaries of £0.76m. compared with £0.65m. last time, and the share of the loss of associated companies of £0.87m. (£1.23m.), which reflected the loss for the year of Property Holdings International. Loan interest charges were £0.78m. (£0.81m.), after tax relief.

The dividend is stepped up to 11.44p (10.3539p) net per £1 share with a final of 8.4401p, costing £0.9m. (£0.8m.). Total assets are shown as £1.18bn. (£1bn.) at the year-end. Schroders is a banking, finance, insurance and investment holding company.

● comment

Schroders 58 per cent. rise in disclosed profits does not match Morgan Grenfell's impressive performance last week but it is comfortably better than the recent experience of other merchant banks. For example, Singer and Friedlander, part of C.T. Bowring, which reported yesterday increased its contribution by only 22 per cent. However, over a quarter of the improvement reflects a £0.36m. reduction in losses of associates—mainly Property Holdings International — and Schroders non-banking interests chipped in another £0.1m. Profits on the banking side rose by 22 per cent., against a rise of 24 per cent. the previous year. Given that Schroders' advances increased by 17 per cent. the performance does not look particularly spectacular especially since there were plenty of profits to be had in the financial markets. Schroders has a sizeable U.S. banking operation (total footings $769m.) and an important Swiss subsidiary (total footings Sw.Frs.308m.). Together these two account for nearly half Schroders assets, and adverse currency movements obviously helped depress their profitability. In the current year Schroders should start to benefit from the $44m. capital injection into Schroders Inc. but until the benefits of this investment start coming through the shares look reasonably valued at 360p where they yield 4.9 per cent.

Midterm fall at Bejam

AS FOREWARNED in the last annual report, pre-tax profit of Bejam Group, frozen food and domestic deep freezer retailer, declined to £2.34m. for the 26 weeks to December 31, 1977, compared with £2.86m. last time, inflated by exceptionally good trading conditions following the drought in the summer of 1976. Turnover was ahead from £39.44m. to £44.23m.

Current trading is satisfactory, but the directors state that it is too early to forecast full year results. However, they say it would not be prudent to expect record profits until the sales of frozen vegetables regain their normal level.

● comment

With the plentiful supply of cheaper home grown vegetables in the shops Bejam's results were not expected to match the previous comparable period which had the benefit of the drought-inspired boom for frozen foods. In the event, first half profits show a 12 per cent. shortfall. Excluding new shops, food volume sales contracted by about 2 per cent. while the freezer division (a tenth of total turnover) sold 22 per cent. fewer units, which explains the drop in margins of more than a point. But while these figures contribute to making the first half results look sluggish, profits are still 85 per cent. higher than in the first six months of 1975/76, and there is still considerable growth potential left. After all only a week ago Bird's Eye projected freezers in 50 per cent. of households by the early 1980's—currently the figure is about 37 per cent. Meanwhile the company's profit forecast of less than last year's record £4.8m. looks to be a little overcautious. January and February freezer sales are 50 per cent. higher than a year ago and there is another 35,000 square feet of selling space to come in, bringing the total to almost 500,000 square feet. So, at least £5m. looks a more likely outcome which puts the shares, at 60p, on a prospective p/e of 6.7 while the yield is 4 per cent.

Peak £4.2m. at Liverpool Post

AFTER BEING ahead at halfway from £1.87m. to £2.03m. Liverpool Daily Post and Echo turned in taxable profits up by 5.3 per cent. for 1977 from £4m. to a record £4.21m. on turnover of £46.72m. against £39.65m.

Earnings per 50p share are stated as up from 17.8p to 18.6p and the dividend is raised to 7.263p (6.566p) with a final of 4.565p net.

An analysis of pre-tax profits and percentage amount thereof of the principal trading activities shows: newspapers published in the U.K. £1.6m. (£1m.): and 38 per cent. (25 per cent.); newspapers published in Canada £0.78m. (£0.88m.) and 18 per cent. (22 per cent.); papermaking and packaging £1.5m. (£1.74m.) and 35 per cent. (43 per cent.); retail shops £0.32m. (£0.35m.) and 8 per cent. (9 per cent.) and information sytsems £23,823 (£26,235) and 1 per cent. (same).

● comment

In spite of losing £0.2m. in Regional Employment Premiums, Liverpool Daily Post's profits are 5 per cent. higher, thanks mainly to an almost 60 per cent. jump in U.K. newspaper earnings, which now account for 38 per cent. of total, compared with a quarter last time. A limited revival in the local economy boosted the volume of advertising and there was also the benefit of an overall rates rise of around 14 per cent. In North America, however, the decline in the value of the U.S. and Canadian dollars had a big impact. It took the edge off an otherwise solid performance by Canadian newspapers considering the economic difficulties there, and cheaper American imports grabbed market share from the U.K. papermaking company. At 125p the shares yield 9.1 per cent. while the p/e is 6.5.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Banro Consolidated		2.02	—	1.75*	2.6	2.33*
Bejam	int.	0.7	May 5	0.63*	—	1.45*
Boddingtons Brew.		1.91	—	1.5	3.91	3.52
C. T. Bowring		2.04	—	1.83	2.95	2.67
Bryant	int.	0.95	May 31	0.87	—	2.26
Chersonese (FMS)		2	May 17	1.6	2.75	2
Hanger Investments		0.46	—	0.41	0.46	0.41
H. and J. Hill	int.	Nil	—	0.6	Nil	1.2
Liverpool Daily Post		4.57	April 28	4.09	7.26	6.57
J. and J. Makin	int.	0.44	April 5	0.4	—	1.55
Mogul of Ireland		1	May 11	—	2.5	3.5
Molins		5.15	May 24	4.5	7.15	6.5
Montfort (Knitting Mills)		2.52	—	2.25	3.49	3.13
Rockware Group		3.28†	May 18	2.17	5.28†	3.42
Schroders		8.44	May 5	7.24	11.44	10.35
F. W. Thorpe	int.	0.66	May 18	0.6	—	1.46
Thurgar Bardex		0.48	—	0.41	0.68	0.61
T. Tilling		2.32†	May 24	1.67	4.32†	3.49
Tioxide		8.5	—	—	14.5	14.5
Trade Indemnity		5.33	—	4.77	8.4	7.59
Tube Investments		11.12†	May 16	9.96	20.95	18.91
Western Motor Hldgs.	2nd int.	1.54‡	July 3	1.65	2.2	2

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or aquisition issues. ‡ Payment date corrected.

Paper and packaging loss leaves Molins £2.2m. off

WITH A £3.1m. downturn on paper and packaging machinery operations to a £1m. loss, taxable profit of Molins fell in 1977 from £10.5m. to £8.3m.

At halfway substantially lower profits were forecast for the year after an interim drop from £4.1m. to £2.8m.

Directors say there was an improving trend in the level of profit earned in the second half compared with the closing six months of 1976 and the first half of 1977.

For 1978 the overall outlook is brighter and barring unforeseen events the Board anticipates both sales and profits will be higher than in 1977.

In light of the improving trend the final dividend is up from 4.5p net per 25p share to 5.15p taking the total to 7.15p against 6.5p.

They say the effect of the Hyde guidelines or inflation adjustments would have been to reduce pre-tax profit by £3.7m. (£4.4m.).

For the year, overseas operations continued to make significant contributions, accounting for 79 per cent. (80 per cent.) of total U.K. sales.

In the year £3.6m. (£5.3m.) was spent on capital additions to buildings, plant and machinery.

On the tobacco machinery side the directors say that U.K. operations had a good year, increasing both sales and profits, but the high level of profits achieved in 1976 by overseas operations was not maintained.

The U.S. subsidiary had a good year and the Brazilian operation resolved the problems associated with inflation and the introduction of new products. The Indian company had a better second half.

The new range of machines was well received by customers and 1978 promises to be a better year, with trading profit increasing on higher sales.

With paper and packaging machinery, the order position is still causing concern, with no sign yet of a sustained improvement in the volume of orders for the divisions' products.

But this division is expected at least to break even in 1978, although the volume of orders is still not adequate to ensure a return to full profitability.

After tax of £4.1m. (£5.2m.) net profit comes out at £4.2m. against £5.3m. Earnings per share are shown at 14p compared with 17.6p, based on the number of shares on issue at year end. On the basis of an average number of shares on issue during the year the 1976 figure is 19.7p.

● comment

Molins' plans to improve the quality of its earnings by increasing its interests in paper and packaging machinery manufacture and thereby reducing its dependence on making machinery for the tobacco industry ran into serious difficulties last year. The acquisition of Langston in the U.S., in 1974, trebled the size of the paper and packaging business but the division's performance has been dull by comparison with the tobacco side which has continued to dominate profits. Last year paper and packaging turned in a £1m. loss as Langston's profits slipped up from about £2m. to around £½m.—while losses from Mason Scott Thrissell in the U.K. rose to around £1.3m. Both subsidiaries operated in very depressed trading conditions which were aggravated in Langston's case by its failure to match the technological developments achieved by rival manufacturers. The division's labour force has been cut by a quarter and there are signs of some improvement and MST broke even over the first quarter of the current year. Meanwhile, prospects on the tobacco side, where profits were 5 per cent. up last year, look brighter with tobacco order levels 60 per cent. higher than a year ago. The shares at 112p yield 10.1 per cent. The p/e is 7.6.

ISSUE NEWS

Rolls-Royce improves conversion terms

Rolls-Royce Motors in a tidying-up operation is proposing to improve the conversion terms for the outstanding £3,974,755 of 8 per cent. Convertible Unsecured Loan Stock dated 1997/2002.

The proposed improvement is 125 Ordinary shares for each £100 of Convertible stock, compared with existing terms of 100 Ordinary shares for each £100 of stock. The proposal is subject to shareholders' and stockholders' approval at meetings on April 20.

In addition the group—given that existing dividend restraint legislation is due to run out on July 31 this year—is proposing to lift its gross dividend payments for 1978 by 20 per cent. to 7.81309p.

In the event of any new legislation to restrict dividend payments the group will seek Treasury permission to honour its commitment.

Rolls-Royce says that it has spent substantial sums on buildings, plant and equipment in recent years and although it has adequate resources to meet current capital expenditure plans the group believes that the equity base needs to be broadened—to keep the ratio of borrowings to shareholders funds at an acceptable level. The move will also facilitate any future borrowings which may be required.

The group said that Convertible Stock was issued at the time of Rolls' financial crisis and the entire proceeds of the issue were retained by the Receiver so that the group was unable to use the proceeds for its own corporate purposes.

Meanwhile, in his statement with accounts, Mr. I. J. Fraser, chairman, says that capital expenditure will continue at the present rate for the next two years under current programmes, which he says appear to be fully justified by the demand for existing products and those under development.

Last year spending totalled £8.9m. after certain programmes were delayed, and accounts show contracted spending for the latest year to be £3.75m., with authorised but not contracted spending of £18m.

Diesel engine capacity continues to be expanded and it is expected that within a few years the turnover in diesel engine products will almost match that of motorcars.

Preparations are also underway for a successor to the Silver Shadow car.

A current cost accounting statement included with accounts shows Rolls' pre-tax profit of £11.48m. (£9.1m.) reduced to £7.58m. (£4.77m.) after a cost of sales adjustment of £4m. (£4.76m.), additional depreciation of £0.78m. (£0.52m.) and a gearing adjustment of £1.36m. (£1.71m.).

See Lex

Bullough's £1.22m. rights

Bullough, the engineering group whose interests stretch from caravan chassis and couplings to office furniture, is proposing to raise about £1.22m. by way of a two-for-five rights issue.

The cash will be used to reduce group borrowings which have almost trebled to £4m. following Bullough's purchase of Newman Granger the car jack and agricultural equipment company for £1.75m. earlier this year.

The group is also restructuring its short term debt and has just arranged for £1½m. medium term (seven year) bank borrowing facilities. In addition the group is to double its capital spending in the current year to £2m.

However, the balance sheet is hardly stretched with net debts of £3.5m. after the Newman acquisition compared with shareholders funds of £10.8m. More important to shareholders is the forecast of total dividends of 6.163p net, on the increased capital, for the year ending October 31, 1978.

This lifts the historic yield of 6.4 per cent. to 8.6 per cent. at an ex-rights price of 109p.

The group is offering, subject to an EGM on April, two new Ordinary 20p shares at 50p for every five held. Dealings in the new shares are expected to start on April 13. The latest date for acceptance and payment in full will be May 3, 1978.

Bullough, which is forecasting an interim dividend of 3p and final of 3.163p, says that the current year has started well with turnover up by 14 per cent.—coupled with an overall improvement in margins—in the first four months of the year. In addition Newman Granger made a useful first-time contribution in February.

The group says that prospects appear encouraging although it has warned that it will be a difficult year for its caravan interests following overstocking by retailers last year. However, prospects for the furniture side look bright.

DEALINGS BEGIN IN SAGA

Dealings in Saga Holidays' shares began for the first time yesterday—following the first offer for shares in a "new" company since last September. The shares which were offered at 105p opened at 118p climbed to 120p before settling back to close at 119p.

CU solvency margin reaches 54%

SHAREHOLDERS' FUNDS of the Commercial Union Assurance Company stood at £584m. at the end of 1977, compared with £410m. at the beginning. Much of this increase came from the acquisition of Estates House Investment Trust — £45m. and the autumn rights issue which raised £74m. after expenses. The percentage of shareholders' funds to non-life premiums (the solvency margin) amounted to 54 per cent. at the end of the year against 36 per cent. at the beginning.

The annual report and accounts for 1977 show that retained profits rose to £187m. from £162m. and unrealised gains on investments after tax climbed to £132m. from £49m. Total life funds at the end of the year stood at £1.97bn. compared with £1.87bn. at the beginning.

Group investments, excluding life, totalled £2.02bn. against £1.88bn. at the end of the previous year. Government holdings rose to £893m. from £673m., but ordinary share holdings rose only marginally to £359m. from £347m. Debenture holdings declined in value from £161m. to £147m. and property values to £218m. from £241m. Mortgages and loans were slightly higher at £287m. against £271m.

Investments in the CU life funds showed substantial rises in gilts to £156m. from £113m. and equities to £162m. from £138m., while debenture holdings declined in value to £81m. from £87m.

The general investment policy of the group last year was to continue to limit equity investment for the various non-life funds to an amount consistent with an acceptable level of risks of fluctuations in value. The fixed-interest portfolios in non-life funds are concentrated in relatively short-dated maturities to cover the shorter term nature of the liabilities. There was a relatively higher level of fixed-interest investment by the life funds.

Sir Francis Sandilands, in his chairman's review, points out that overwhelming evidence to the Wilson Committee was that the low level of investment in British manufacturing industry in recent years was due to lack of demand not lack of availability of finance. The life assurance industry had already demonstrated its ability to act as a channel for long term saving, if there was to be more investment by British industry. He refers to the discussion on the need for industry to obtain funds on reasonable terms. But Sir Francis states that from the savers' view it is not reasonable that his savings should produce a negative rate of return.

On the green paper, "The Future of Company Reports," Sir Francis says he regards some of its proposals as sound. But he attacks as unrealistic some suggestions that companies should disclose information to groups who themselves have no connection with or interest in the company. Even present levels of disclosure are costly and place a considerable burden on Boards and senior management.

Statement Page 25

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Blackwood Morton, Howden Group, Ingall Industries, Macallan-Glenlivet, United City Merchants.

Finals: Brown and Jackson, Charles Clifford, Coates Brothers, Friedland Doggart, Gibbs and Dandy, Jamesons Chocolates, Hugh Mackay, Philips' Lamps.

FUTURE DATES

Interims—	
Glaxo	Apr. 10
Highland Distilleries	Apr. 3
Wankie Colliery	Mar. 31
Finals—	
British Mohair Spinners	Mar. 30
Cosalt	Apr. 18
Dorada	Mar. 29
Dufay Bitumastic	Mar. 29
Hendleigh	Apr. 10
London and Provincial Poster	Apr. 13
North British Canadian Invest.	Mar. 31
Quick (H. and J.)	Mar. 29
Ready Mixed Concrete	Apr. 13
Relyon P.B.W.S.	Mar. 30
Spirax-Sarco	Apr. 3
Tilbury Contracting	Apr. 5
Wilmot-Breeden	Apr. 12
Wolstenholme Bronze Powders	Mar. 29

Bryant ahead so far

TRADING PROFIT advanced from £1.03m. to £1.3m. at Bryant Holdings for the half-year to November 30, 1977, but after a share of associate losses this time, the pre-tax figure came out at £1.17m. against £1.08m. Turnover dropped by £1m. to £32m.

From an increase in trading profit due to property sales, and the contribution from the investment of the proceeds of the sale of the company's interest in Concrete, the directors anticipate a similar overall result to 1976-77, when a £2.66m. taxable profit was achieved.

In the longer term, by the improved outlook for home and property development and the benefit of additional contract work already obtained, they view the future with confidence.

First-half tax takes £0.68m. (£0.64m.) and earnings are shown ahead from 2.15p to 2.43p per 25p share. The net interim dividend is stepped up to 0.9538p (0.8671p), absorbing £0.19m. (£0.17m.)—the previous year's final was 1.3928p.

The directors report that although the net inflow of savings to the building societies showed considerable improvement, the company has only just experienced an increase in the selling price of its homes. However, despite the societies' announcement of lending restrictions due to Government pressure, the outlook is now as good as it has been for some time and the company has demonstrated its optimism by further selective land buying.

Property lettings continued to improve and the sale of a completed development made a material contribution to the trading profit. There will again be a substantial development surplus in the full year's accounts, the directors say.

As forecast, the reduction in the company's building and civil engineering contracting turnover will be greater in the second half, though, due to settlement of outstanding claims, profitability may not be adversely affected.

Progress continues to improve on the military range being constructed for the Saudi Arabian Government, but the directors point out it is too early to forecast the eventual profitability.

Statement Page 28

40% jump to £0.9m. at Banro

ON TURNOVER 27 per cent. higher from £9.99m. to £12.69m., taxable profit of Banro Consolidated Industries jumped 40 per cent. from £651,335 to £911,502 in the December 31, 1977, year.

A one-for-five scrip issue is proposed along with an increase in authorised capital from £1.12m. to £1.62m.

Mr. Edward Rose, the chairman, says each subsidiary in the group subscribed to the result, which he says was achieved through its policy of increasing and diversifying its product range.

Profits to date for 1978 are ahead of last year and indications are that the six months figures will exceed last year's £343,600.

"Order books are very healthy and have been strengthened by the receipt of additional contracts for the supply and processing of additional components for the automotive and off-highway vehicle industries. I therefore look forward to the future with considerable confidence," he says.

After tax of £506,129 (£352,910) net profit is £405,373 (£298,425), and earnings per share are shown at 9.8p compared with 7.2p last year, after adjustment for the one-for-one scrip issue.

A final dividend of 2.0218p net per 20p share takes the total to 2.5968p against an adjusted 2.325p. The dividend will absorb £104,339 (£92,070).

F. W. Thorpe turns in £0.27m.

On turnover up from £1.33m. to £1.81m. for the half year to December 31, 1977, pre-tax profits of F. W. Thorpe, lighting equipment manufacturer, rose from £181,508 to £270,455. Profit for the whole of the 1976-77 year was a record £487,992.

The interim net dividend is increased from 0.6p to 0.66p per 10p share—last year's final was 0.86p.

Vauxhall loss up to £2m.

ALTHOUGH RECORDING a trading profit for the third successive time of £9.69m., against £7.32m. previously, the pre-tax loss of Vauxhall Motors increased from £1.74m. to £2.03m. in 1977. The loss has been blamed on a prolonged work stoppage in the final quarter.

The loss came after interest and other financing charges totalling £7.3m. (£9.1m.), and a £4.32m. loss (£33,000 gain) on currency realignments. Tax on a subsidiary takes £150,000 (£122,000).

Turnover for the year was £627.55m. (£513.74m.) and the General Motors subsidiary increased unit volumes from 230,204 to 234,166 vehicles.

At half-way there was a £2.03m. (£1.86m.) pre-tax profit. Vauxhall's last full year pre-tax profit was £1.12m. in 1971.

Mr. W. R. Price, chairman and managing director, says that throughout the year demand for the company's products exceeded its ability to supply—a situation that was aggravated by a prolonged work stoppage in the last quarter.

"The stoppage resulted in a failure to build 3,000 vehicles with a consequent loss of turnover exceeding £60m. an dso prevented the company from ending the year with a net profit," he said.

"Despite the shortage of products, sales to U.K. customers of both Vauxhall passenger cars and Bedford commercial vehicles were higher tha nin 1976. For both product lines the rate of sales increased at a higher level than the rate of increase in total vehicle sales in the U.K.

"Significant improvements were made in vehicle exports to Europe — particularly of commercial vehicles."

Mr. Price says expectations for 1978 are that total demand in the U.K. will again be higher than in 1977.

With its product lines well accepted by customers, and its active dealer force, the company is well placed to improve its sales results for the third year in a row, adds Mr. Price. The only pre-requisite for better business results in 1978 is sustained production at reasonable levels of efficiency.

Unexciting outlook at Y. J. Lovell

The current year was unlikely to be an exciting period from the profit point of view at Y. J. Lovell (Holdings). Much depended on the second half, which was invariably better than the first, Mr. Peter Trench, the chairman, told the annual meeting.

Housebuilding for sale had shown a marked upturn during the past few months

C. T. Bowring tops £33m. despite shipping loss

DESPITE ADVERSE currency movements and shipping division losses, pre-tax profit of C. T. Bowring and Co. rose by 28 per cent. from £25.85m. to a record £33.01m. in 1977 on turnover up from £945.03m. to £1.09bn.

Earnings per 25p share before extraordinary items are shown to have risen by 32 per cent. from 11.7p to 15.4p and the dividend total is lifted from 2.66584p to 2.946834p net with a final of 2.039334p.

The result is in line with the directors' forecast at halfway, when pre-tax profit was up from £11.54m. to £14.95m.

The directors say the full year result was achieved despite difficult conditions in some areas and the rise in sterling which affected profits from insurance broking, particularly in the second half.

The shipping loss of £197,000 (profit £322,000) is after a profit of £2.5m. on the sale of two ships. The trading sector made a reduced profit due to the recession in Canada.

Bowmaker had a good year with a 33 per cent. increase in profits despite a reduced contribution from the engineering subsidiary Bowmaker (Plant) caused by the low level of activity in the construction industry.

The property sector improved as a result of profits from sales, the directors add.

In the absence of unforeseen circumstances continued progress is expected in 1978, members are told.

	1977 £000	1976 £000
Turnover	1,008,091	945,030
Profit before tax	33,007	25,847
Tax	16,298	13,120
Net profit	16,709	12,727
To minorities	357	526
Extra-ord. credits	—	3,983
Making	16,322	16,184
Pref. dividend	11	11
Available Ord.	16,311	16,173

An analysis of pre-tax profits shows (£000s omitted): Insurance broking £20.002 (£17,124), insurance underwriting £3.585 (£3,102), Bowmaker £9.284 (£6,933), Singer and Friedlander £1.841 (£1,514), trading £893 (£974), shipping loss £197 (£322 profit), property £881 (£911 loss), Central costs absorbed £572 (£840) and interest on convertible unsecured loan stocks £2,660 (£2,371).

Statements Pages 22 and 23
See Lex

£1.35m. at Trade Indemnity

PREMIUMS WRITTEN at Trade Indemnity Company rose from £14.79m. to £18.58m. for 1977 and net profit emerged at £1.35m. against £1.05m. Tax relief in respect of 1974 expenditure on new leasehold premises last year came to £115,000 and the balance came out at £2.6m. compared with £2.26m. with a transfer of £0.5m. (same) from 1976 (1975) underwriting account and the balance brought forward from 1976 (1975) of £0.74m. (£0.6m.).

The dividend is stepped up to 8.39848p (7.59266p) net per 25p share, with a final of 5.32693p.

Appropriations include transfer to 1976 underwriting account £0.5m.; transfer to underwriting contingency reserve £0.5m. (nil); transfer to general reserve £0.75m. (same); additional dividend on reduction of ACT £2,641 (nil); interim dividend £110,576 (£99,000); proposed final £191,769 (£171,695) and balance carried forward £1.04m. (£0.74m.).

Scottish Life invests £23.5m.

The Scottish Life Assurance Company had a record amount of new money for investment last year totalling £23.5m., states Mr. R. K. Watson in his chairman's statement for 1977. The company put 58 per cent. of this into fixed-interest securities, 23 per cent. into equities, 10 per cent. in property and used the balance to repay the 8 per cent. unsecured U.S. dollar notes.

Mr. Watson reports that the company believes that good investment opportunities exist in the U.S. To facilitate investment in that country, the company has repaid its notes and arranged a currency exchange, purchasing $US5m. for the sterling equivalent of £2.8m. The company intends to continue investment in U.S. equities this year when the opportunity arises, although its bread and butter investment will still be in the U.K. gilt sector.

Gillett Discount confident

IN HIS annual statement, Mr. David Whitby, the chairman of Gillett Brothers Discount Company says that the directors do not expect as prosperous a year in 1978-79 as in 1977-78 but they look to the future with confidence.

As reported on February 23 profits more than doubled from £0.47m. to £1.01m. in the year to January 31 and the dividend total is 15.18p net (13p) per £1 share on capital increased by the June one-for-three rights issue.

The directors consider it desirable to have available further capital to take immediate advantage of any opportunities requiring the issue of new shares and are proposing that the authorised share capital should be increased from £3m. to £4m. by the creation of 1m. Ordinary shares. There is no present intention of issuing any shares.

As at February 2, Britannic Assurance Company held 20.8 per cent. of the equity.

Meeting, 65, Cornhill, E.C., on April 12 at 12.30 p.m.

Boddingtons advances 5% to record £3.1m.

PRE-TAX profits of Boddingtons' Breweries rose by over 5 per cent. in 1977 from £2.91m. to a record £3.07m. on turnover ahead by nearly £3m. to £17.91m. At halfway, with profits up from £1.28m. to £1.34m., the directors said that present indications were that full year results would show a further improvement on 1976 figures.

Sales of all beers of the company advanced by 10.6 per cent. during the year, while the company's own locally-brewed beer sales rose by 13.6 per cent. Free trade sales were up by 46 per cent. and now represent 12 per cent. of total sales.

The dividend is increased to 3.9092p (3.5231p) net per 25p share with a final of 1.9092p as forecast. Also proposed is a one-for-two scrip issue.

Mr. Ewart A. Boddington, the chairman, comments that the trend continues to be encouraging, with further expansion in the free trade and buoyant demand for the company's local beers, during a period when beer sales nationally were showing a small decline.

He says that the company has had to contend with increasing costs, and the inevitable problems that arise from an extensive development programme.

The current £1.6m. programme, which will treble the company's capacity compared with eight years ago, is on schedule and will be completed by mid-1978.

	1977 £000	1976 £000
Turnover	17,914	14,931
Trading profit	3,130	2,929
Investment income	156	125
Finance charges	67	61
Depreciation	153	87
Profit before tax	3,066	2,906
Tax	1,594	1,550
Net profit	1,472	1,356
Extraord. credit	30	†19
Making	1,502	1,337
Dividends	589	524
Retained	913	813

† Debit.

This will be followed by a further phase, with capital expenditure of £783,000 to improve the company's cellar and storage facilities.

"Your Board believes that this development will enable the company to keep pace with demand for some time to come," the chairman says.

Demand in 1978, the company's bicentenary year, has continued to show an upward trend, he adds. But production was recently interrupted by an industrial dispute which lasted two weeks. The Board, however, is confident that sales in volume will show an increase over 1977.

● comment

Boddingtons has lifted its volume sales by 10.6 per cent. at a time when U.K. beer production fell by 0.6 per cent. The biggest push has again come from Boddington's locally-brewed beers (volume up 13.6 per cent.) reflecting the increased popularity of "traditional ales." However a competitive pricing policy and increased overheads, associated with the expansion programme, has left its mark on margins which at the pre-tax level fell almost 2½ points to 17.1 per cent. Last year the brewing capacity was increased by 35 per cent. and, with a further £1.8m. due to be spent on capital expansion in the current year, capacity is expected to have doubled by the end of 1978. This should help the group's sales to free-trade outlets (including working men's and social clubs, etc.) which—despite increasing 46 per cent. last year—have had to be restricted because of a capacity shortage. The group has around 300 tied houses which have had priority for beer supplies but currently the greatest growth potential appears to be in the free trade areas. Price increases in the current year may help margins. However first half figures could be affected by a two week dispute, but long-term prospects look good. This is reflected in the ratings with shares at 152p yielding just under 4 per cent. The p/e is 15.3 on earnings of 9.8p.

MALTON INV. TRUST PAYOUT

Following the agreement of certain of the tax liabilities of Malton Investment Trust the liquidator feels able to make a further interim distribution of 50p per Ordinary share.

Payment will be made on April 4 and the liquidator hopes to be in a position to complete the liquidation within the next two months and estimates that the third and final distribution will be within the range of 1p and 7p per Ordinary share.

Chersonese Estates tops £1m.

ON TURNOVER of £2,264,649 compared with £1,750,126 pre-tax profit of Chersonese (FMS) Estates rose from £743,515 to a peak of £1,140,586 in 1977.

The major areas of profit growth were: oil palms, where the contribution lifted from £245,895 to £425,708; coconuts, where profits increased almost fivefold from £33,935 to £161,436 and cocoa, where profits rose £108,612 to £272,342.

The final dividend of 2p (1.6p) takes the total to 2.75p (2p) net per 10p share. A one-for-one scrip issue is proposed.

After tax of £658,898 (£446,355) net profit is £481,688 (£297,160).

	1977 £	1976 £
Turnover	2,264,649	1,750,126
Profits:		
Rubber	138,302	195,908
Coconuts	161,436	33,935
Oil palms	425,708	245,895
Cocoa	272,342	163,730
Sales of investments	64,996	33,379
Sale of land	—	19,978
Sundry estate revenue	10,016	15,268
Dividends, interest	73,193	59,947
Exchange deficit	14,224	4,807
Pre-tax profit	1,140,586	743,515
Tax†	658,898	446,355
Net profit	481,688	297,160
Interim dividend	84,315	44,905
Final dividend	224,573	179,698
Retained	173,900	72,557

† Includes ACT.

Rockware rises to peak £7.8m.

DESPITE A second-half downturn of £1m. to £3.38m. Rockware Group, glass and plastic container manufacturer, turned in record taxable profits of £7.78m. for 1977 compared with £6.27m. for 1976. Turnover was ahead by £16.67m. to £89.22m.

The directors explain that the exceptional results in the glass division of the first half-year were not repeated in the second half; trading profit at six months advanced to £4m. (£2.42m.) but fell back in the latter half to be just ahead from £7m. to £7.3m.

Glass sales ended the year only marginally ahead as the very high sales of the first half were counterbalanced by low demand in the second half. Customers had built up stocks to cater for a further long, hot summer that, in the event, did not materialise.

In addition with the industry being among the first interpreters of the latest phase of Government pay policy, the cost of industrial disputes was high. This opened the door to imports from Europe, they add. Productivity bargaining, with the co-operation of the unions, is making substantial progress, and the wide-mouth, no-deposit beer bottle is finding ready consumer acceptance.

Plastics produced admirable profits, they report, and the group's new subsidiary, Stalcon Plastics, is making a significant contribution.

In engineering Burwell Reed and Kinghorn and its subsidiary produced record turnover and profits. The new subsidiary, Rockware Kingspeed, while not contributing to profit in the first nine months since acquisition, has a strong order book and the directors are confident of significant profits in 1978.

There has been a further strong contribution in profit terms, from the international side.

Earnings per 25p share are shown as 33.06p on capital increased from a rights issue, compared with an adjusted 31.64p. With Treasury approval the dividend is lifted to 5.28p as forecast, against 3.484p with a final of 3.2845p net. The company has adopted the ED19 tax basis with figures for 1976 being restated accordingly.

A divisional analysis of turnover and trading profit shows: glass £80.79m. (£67.7m.) and £7.3m. (£7m.); plastics £7.13m. (£4.15m.) and £0.74m. (£0.3m.); and engineering £1.3m. (£0.71m.) and £0.13m. (£0.16m.). The glass figures include results of the parent company and also of Rockware International and minor subsidiaries. Turnover of engineering is before deducting inter-company sales of £2.66m. (£1.52m.).

While in previous years the excess cost of shares in subsidiaries over the value of their net tangible assets at the date of acquisition has been shown as a deduction from capital and reserves in the consolidated balance sheet, it has now been decided to eliminate this item and, accordingly, it has been charged as an extraordinary items in the profit and loss account.

● comment

The second half is normally Rockware's strongest trading period but this was certainly not the case last year. Pre-tax profits for the full year were 24 per cent. up on 1976 but this disguised a 133 per cent. jump in the first half and a 23 per cent. decline in the second six months. In the early part of the year sales volume of glass containers was running some 20 per cent. higher which compares with a normal annual increase of around 3-4 per cent. It seems that customers, such as breweries, were stocking up with bottles ahead of another long hot summer. Unfortunately, this did not occur, and in addition labour disputes disrupted production and knocked an estimated £2m. off the year's profits. Things are now back to normal, the group is operating its plant at full capacity and after last year's 18 per cent. price increases another application has been made to the Price Commission (rival glass makers have applied for price increases estimated at 6-7 per cent. However, in the short term the real interest lies in the Monopolies Commission report on Rockware's bid for Redfearn National Glass. This is expected to be sent to the Secretary for Prices towards the end of next month and will probably be published in late May. At 110p the shares yield just over 7 per cent.

Sharp rise by J. & J. Makin at six months

For the half year to September 30, 1977, pre-tax profit of J. and J. Makin Paper Mills was more than doubled from £154,455 to £319,087, on sales of £6.25m., against £4.82m.

Trading continues to be satisfactory overall, say the directors, although some branches are still experiencing very competitive conditions.

Tax takes £168,740 (£88,968) and the interim dividend is raised from 0.4p to 0.44p net per 25p share—the previous year's final was 1.14798p from taxable profit of £508,000.

First half profit includes a £46,290 (£38,123) share from associates and other income of £15,840 (£26,244).

51 companies wound-up

Orders for the compulsory winding up of 51 companies were made by Mr. Justice Oliver in the High Court on Monday. They were:

Barton Press, Nellcrest, Haymore Restaurants, Vibrac Steel, Rearden (Car Hire) and Terstow.

Chirana Dental Supply, Hayward Homes (Chepstow), Partners (Plastering), Wilcut, Neilson and Company (Engineers) and Mayfair Gowns (Newbury).

Wilton Property Investment Company (Portsmouth), Red Star Transport Services, Glyn Tir, Dronwood Transport, Rogan Groundworkers and S.W. Newton.

Triangle Decor, Servsport, Fleet Store and Office Developments, Purefare and Foxford.

Mewcrest Properties, Barlshourne, Ivybrook, Merton Fixing Service and Momar International Transport Company.

Apollo Advertising, Great Alternative Stores, Flatbridge, Hayward Civil Engineering, Qualmead and Gransonian.

Housing and General Developments, Glemorin, Norfolk Inns, Top Jazz (Soft Drinks), Doonlade and Dawnred.

Masaka, Teakbray, Realmount, Cowidell, Valerie Goad and Liverpool and District Hospital for Diseases of the Heart.

Cinchona, Chelsea Restaurants, Chandler Express, D. Meredew and Ammospec.

A compulsory order made on March 13 against Robson Engineers (London) was rescinded, and the petition dismissed.

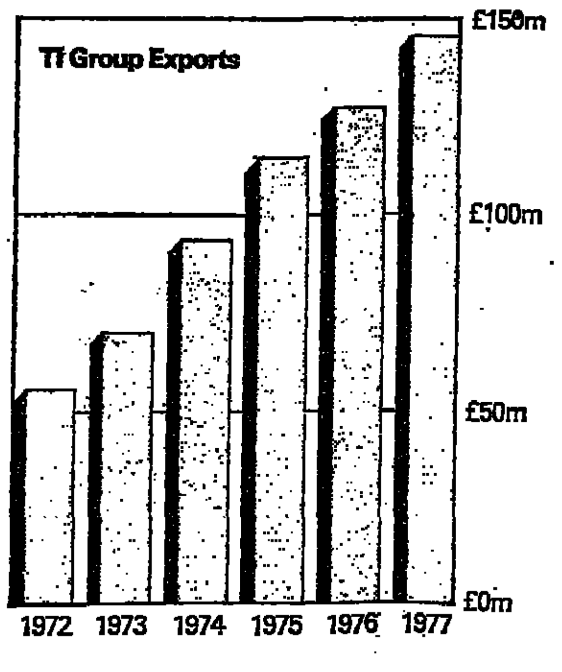
TI profits hold up despite business climate

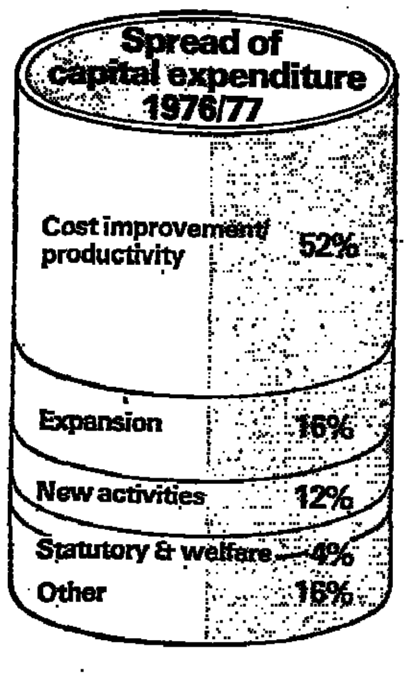
Against a background of continuing world recession, TI maintained its rate of profit through the second half of 1977, achieving £55.2 million profit before tax for the year, 11% up on 1976.

In announcing the preliminary figures, Mr. Brian Kellett, Chairman of TI, said that this performance in difficult economic conditions was helped by the diversity of the Group's product range and markets, and by the constructive business strategies which TI has been following.

Cycle Division has been seriously affected by a prolonged strike. Steel Tube Division suffered particularly from the depressed general economic conditions. In Overseas Division there was deepening recession in Australia and Canada. However, these adverse factors were more than offset by the improvement in the profits contributed by the remaining Divisions and the BA Group.

TI's continuing business strategy includes selling more to overseas customers, backed by the Group's technical expertise – export sales were up by 18% to £148 million in 1977. Capital expenditure aimed primarily at productivity and cost improvement was up by 25% to £27.4 million in 1977, and continues to rise. The policy of moving towards more sophisticated and higher added-value products is being actively pursued.





PRELIMINARY RESULTS
Consolidated profit and loss account for the year ended 31st December 1977

	£m 1977	£m 1976
External sales	791.8	716.4
of which overseas	332.4	322.4
Trading profit	51.0	52.7
Proportion of profits of associated companies	6.1	3.8
Proportion of profits of BA Group	11.8	6.3
	68.9	62.8
Interest on overdrafts and other short term borrowings, net	6.8	6.0
Profit before loan interest payable	62.1	56.8
Loan interest payable	6.9	7.2
Profit before taxation	55.2	49.6
Taxation	11.2	12.1
	44.0	37.5
Proportion of profit after taxation attributable to minority shareholders	2.8	1.9
Earnings for the year	41.2	35.6
Extraordinary items	(9.1)	(1.0)
Profit after extraordinary items	32.1	34.6
Dividends	11.1	8.5
Amount added to retained earnings	21.0	26.1
Earnings per share	82.4p	75.7p

Note: The 1976 figures have been restated to incorporate the effects of the revised Group accounting policy relating to deferred taxation.

Divisional Sales and Profit Before Loan Interest (£ million)

	Sales 1977	Sales 1976	Profit 1977	Profit 1976
Steel Tube	261.7	231.5	17.4	26.6
Cycle	116.6	107.9	5.0	6.1
Domestic Appliances	133.6	114.1	4.5	1.0
Engineering	70.5	60.6	6.0	3.7
Machine	51.5	41.9	2.0	0.8
Industrial Electrical	52.5	45.2	4.9	3.3
Consumer Finance	4.1	3.4	1.6	1.4
Overseas	101.3	111.8	5.7	7.9
Parent and other companies	—	—	3.2	(0.3)
	791.8	716.4	50.3	50.5
Aluminium: Proportion of BA Group profit before tax attributable to TI		—	11.8	6.3
			62.1	56.8

TI Group

The Annual Report will be posted to Shareholders on 20 April, 1978. Further copies will be available from The Secretary, TI House, Five Ways, Birmingham B16 8SQ.

MINING NEWS

Amgold sees rising bullion price

BY PAUL CHEESERIGHT

FURTHER OFFICIAL sales of gold from central banks and the International Monetary Fund, including sales from the U.S. Treasury, are not likely to disrupt the market. This view is expressed to-day in the annual statement of Mr. J. Ogilvie Thompson, chairman of Anglo American Gold Investment (Amgold).

It is not clear, however, whether this is a clear reflection of Mr. Thompson's own assessment of the market, as he is summarising the appraisals of "reputable commentators," whose sanguine views on the medium-to long-term outlook are of great satisfaction to the industry."

The possibility of U.S. Treasury sales has been loudly mooted in recent days as a component of a Carter Administration financial package aimed at strengthening the dollar.

The louder the suggestions have been, the greater *has* been the instability of the market where the price closed yesterday at $180.375 an ounce, or $9.25 beneath its highest closing price for the year on March 8.

In his statement Mr. Thompson concedes the existence of short-term influences, which could have a bearing on price movements. He lists these as the phases in demand for jewellery, the greater element of speculation on the market and the unpredictability of official sellers.

"However these reservations do not detract from the encouraging fundamental position which points to a further improvement in the gold price in the future," Mr. Thompson says.

His analysis of the fundamental position tends to play down the role of currency movements in setting gold prices. "During 1977 gold rose in price in both strong and weak currencies, and in real terms gold began to recover what it lost in the two preceding years."

This makes the supply and demand equation of more importance and he argues that the accelerating demand for both fabrication and investment could not have been met without supplies—from official sales and the Communist bloc—to supplement free-world production.

On the basis of such arguments it is possible to see the recent moves on the gold market as a mere hiccough: a price fall is not the equivalent of market disruption.

There is at this stage, on the evidence of price movements so far this year, a realistic hope that dividends from Amgold's spread of mining investments will increase and that the group will be able to make a higher total distribution than the 165 cents paid for 1977.

Changes in the dividend dates for the individual mines is causing Amgold to change its year end to February, so that the current financial year will run 14 months to February 28, 1979.

In London yesterday the shares were £16¼.

Low ore prices hits LKAB

LKAB, the Swedish state iron mining company, was able to sell only 19.3m. tonnes of ore last year. This is the lowest level since 1963 and represents a fall of almost 3m. tonnes from 1976, when the company slumped into a heavy financial deficit, reports William Dullforce in Stockholm.

Production was 21.8m. tonnes, of which 5.4m. was in the form of pellets. Stocks of unsold ore at the end of the year were 15m. tonnes, of which 1.9m. were held on the Continent.

A communique on the final 1977 account released yesterday underlines the lower oil deliveries and a 13 per cent. drop in the average ore price as responsible for a 1977 pre-tax loss of Kr.643m. (£71.4m.).

This figure is struck after planned depreciation. If cost-calculated depreciation is applied as in previous accounts, the pre-tax loss would come out at Kr.855m.

Sales tumbled by Kr.408m. to Kr.1.65bn. (£183m.), while production, transport and administrative costs went ahead by Kr.38m. to Kr.1.85bn. The growth in overall costs was not halted by production cuts, efforts to curb investments, early pensions for workers born before 1920 and a stop to recruitment of new employees.

Capital investments totalled Kr.590m. in 1977. Coupled with the growth in stocks and the operating loss they necessitated an increase in borrowing of Kr.962m., adding up to a rise of over Kr.1.5bn. in the company's indebtedness over the past two years.

The management forecasts "serious losses" again this year, despite the steps it is taking to cut costs and make both production and marketing more effective. It anticipates further cuts in ore prices, and a difficult market for iron ore, especially pellets.

Deelkraal to make a R50m. rights issue

HARD on the heels of yesterday's news that the Anglo American Corporation group's new R200m. (£121m.) Elandsrand gold mine is shortly to make a rights issue, the rival Consolidated Gold Fields group's new Deelkraal gold mine announces plans for a R50m. rights issue. It will apply to Deelkraal shareholders registered on April 21—when the terms of the offer will be announced—and will close on May 19.

Most of the R100.7m. already raised by Deelkraal has been expended and the estimated total cost of the mine to its production and self-financing stage has been raised from R125m. to R134m., but the latter figure is expected to be increased by inflation to R150m.

It is thought probable that the mine will reach production about half a year ahead of schedule. Trial milling is expected to commence towards the end of 1979 and during 1980 ore production will be expanded from 60,000 to 120,000 tons milled per month by the end of the year. Elandsrand, which has made particularly rapid progress, expects to reach production in mid-1979.

Mr. R. A. Plumbridge, chairman of Deelkraal, says in the annual report that a final decision on the expansion of operations beyond this level will only be taken after the results of initial development and stoping become available. The new Far West Rand mine is assessed as "a profitable medium grade gold producer."

Its major shareholders are Gold Fields of South Africa with 30.1 per cent., Consolidated Gold Fields 25.4 per cent. and Fermain Nominees 5.4 per cent. The GFSA and Gold Fields groups intend to take up their entitlements in the proposed rights issue which is expected to be underwritten by GFSA.

Deelkraal's previous rights issue in 1976 raised R50m. on the basis of 125 shares at 145 cents (equal to 100p at that time) for every 100 held. The shares were 94½p in London yesterday.

Rossing now coming right

SOME six months have passed since the Rio Tinto-Zinc group's 45.5 per cent.-owned Rossing uranium mine in Namibia (South West Africa) embarked on a major reorganisation of its trouble-torn plant. The stage has now been reached whereby things are coming right and it is understood that by the end of this year Rossing will be making a profit after all charges including interest and depreciation.

Hopes are that the big operation will reach design capacity next year. The total cost of Rossing is now put at nearly $300m., of which some $75m. will have gone to overcoming the earlier problems.

Progress is also being made in labour relations, notably in getting white employees used to the fact that Rossing is operated without racial discrimination and on a meritocracy basis: there is a single wage structure.

Rossing is possibly the world's biggest uranium mine at present. It has a major contract with British Nuclear Fuels, but it also supplies uranium to virtually all the Western World countries which have nuclear reactors.

Commercial Union Assurance Company Limited

Extracts from the Review by the Chairman, Sir Francis Sandilands C.B.E., and from the Directors' Report for the year ended 31st December 1977.

The Board announces audited profits for 1977 of £99·8m before tax. After provision for taxation and minorities, profits attributable to shareholders amount to £67·6m representing earnings per share of 19·40p.

A final dividend of 5·081p per ordinary share is recommended to be paid on 17 May 1978 which together with the interim dividend of 2·564p paid in November last gives a total for the year of 7·645p (11·583p including the imputed tax credit of 3·938p).

The total cost of dividends for 1977 including preference dividends will amount to £29·9m leaving £37·7m to be transferred to reserves.

The following are extracts from the Chairman's Review and Directors' Report which was posted to shareholders yesterday, Wednesday, 22 March, 1978

Summary

- Our main objectives during 1977 were to increase profitability, strengthen the capital base and reduce borrowings. These objectives were largely achieved, and a steady improvement in our results was made throughout 1977.
- The underwriting loss was reduced from £59·8m in 1976 to £20·9m in 1977. Most major territories contributed to this improvement, particularly the United States, but the results in Western Europe deteriorated due to increased losses in the Netherlands.
- Both fire and accident business produced better results in 1977, notably in the United States. Marine and aviation business in the London market made a loss of £1·9m (*1976 loss £3·0m*), while other parts of the world have together produced a profit.
- Worldwide non-life premium income in sterling terms showed a reduction of 7%. If the rates of exchange prevailing at 31 December 1977 had applied in 1976, the premium income in that year would have been reduced by £92m. After allowing for this reduction and the effect of the sale of our Austrian and German companies during 1977, the growth in premium income was approximately 6%.
- Life profits amounted to £14·2m compared with £7·9m in 1976 and this increase is mainly attributable to the UK and the Netherlands.
- Investment income increased by 3% to £127·7m (*1976 £123·9m*) having been augmented by the acquisition of Estates House Investment Trust Limited, but reduced by the sale of our Austrian and German companies and changes in rates of exchange. Without these factors investment income would have shown an increase of 13%.
- The overall profit of the Group for 1977 after all charges (including loan interest, taxation and minorities) was £67·6m compared with £34·1m for 1976. Earnings per share have risen to 19·40p from 10·84p in 1976.
- Shareholders' funds at 31 December 1977 amounted to £584m (*1976 £410m*). This substantial increase includes the effect of the acquisition of Estates House Investment Trust Limited, which increased net assets by approximately £45m, and the rights issue which raised approximately £74m after expenses. The percentage of shareholders' funds to non-life premiums (referred to later as the 'solvency margin') was 54% *1976 (36%)* at the end of 1977.

Insurance business—short term

£ million	Premium income: Fire	Motor	Other accident	Marine	1977 Total	*1976 Total*	Underwriting result: 1977	*1976*
United Kingdom	50·2	52·9	58·2	—	161·3	*151·5*	(1·7)	*(6·8)*
United States	119·1	151·3	139·4	6·1	415·9	*445·9*	3·3	*(26·8)*
Australia	11·7	11·7	21·2	3·2	47·8	*48·5*	·4	*(4·7)*
Canada	19·8	47·8	18·8	·5	86·9	*100·9*	·1	*·3*
Western Europe	47·7	64·3	68·1	12·7	192·8	*237·0*	(19·9)	*(17·4)*
Remainder	63·3	24·1	34·4	46·0	167·8	*165·1*	(3·1)	*(4·4)*
	311·8	352·1	340·1	68·5	1,072·5	*1,148·9*	(20·9)	*(59·8)*

London market marine and aviation and reinsurance are included under Remainder.

- As previously announced, the Group has revised its treatment of deferred taxation in conformity with the proposed statement of standard accounting practice (ED19) issued by the Accounting Standards Committee. This brings our practice closer to that of most other companies in the insurance industry and has had the effect of increasing the 1977 profit attributable to shareholders by £6·1m and the shareholders' funds by £69·7m.

Territories

United Kingdom

The results dealt with here concern only fire, accident and life business in the UK. The results for Republic of Ireland, London marine and aviation and reinsurance are dealt with under the heading Remainder.

Fire business has remained profitable but has not returned to the levels of profit achieved prior to 1976. Claims for subsidence damage persisted during 1977 although reducing both in number and severity as the year progressed.

Accident business improved but remained unprofitable during 1977.

Life profits in the UK increased to £5·6m (*1976 £3·5m*) reflecting the triennial valuation at the end of 1976 of the closed Northern Non-Participation Life Fund.

United States

The insurance industry generally had a profitable year during 1977 and we ourselves benefited increasingly during the year from the effect of the corrective action taken since the latter part of 1975, when a substantial portfolio of unprofitable business was cancelled. The operating ratio on a statutory basis improved from 106·4% in 1976 to 98·2% in 1977. The recovery is primarily due to an insistence on higher underwriting standards and success in achieving urgently needed rate increases, especially for motor business which has become profitable. Workers' compensation experience is improving slowly but is still unprofitable and further rate increases are required. Liability results are much improved, despite continuing large court awards for damages. There were no major hurricanes in 1977, but losses arising from the severe winter adversely affected the results in the first part of the year.

Australia

We now have a better portfolio of business both by class and source. However, the Australian insurance market is overcrowded and highly competitive, making additional profitable business hard to achieve. There is increased political stability and some reduction in inflation but the economic environment is still uncertain and problems remain including adverse legislation in certain states.

Canada

Both the motor and fire classes were profitable but liability business continued to make a loss. Provision has been made for the estimated refund of 'excess revenue' to policyholders required under the regulations of the Anti-Inflation Board.

Western Europe

The poor result for Western Europe was largely due to underwriting losses in the Netherlands. All classes were unprofitable and in the main this was due to the inability to obtain adequate rate increases and to an indisciplined market. About half of the total loss was in the motor class. Significant rate increases for 1978 have, however, been approved for a number of major classes including motor and homeowners and, in the light of deteriorating results, market discipline appears to have improved. Nevertheless, results for 1978 are unlikely to show a rapid improvement.

Life profits from Delta-Lloyd increased to £7·0m (*1976 £3·0m*), reflecting improved profits from pension business and a continued reduction in expenses.

Remainder

The underwriting loss of £3·1m (*1976 loss £4·4m*) shown in the table above is made up as follows:

	1977 £m	*1976 £m*
Other overseas	2·0	*·5*
Republic of Ireland	(·9)	*(3·7)*
London marine	(1·9)	*(3·0)*
Reinsurance	(2·3)	*1·8*
	(3·1)	*(4·4)*

Financial

Increases of capital

By 1974 the effects of inflation and a general fall in investment values reduced the Group's solvency margin (that is, shareholders' funds expressed as a percentage of non-life premiums) to a low level in comparison with recent years.

In 1975, while there was a marked appreciation in security values, there was an after-tax loss attributable to shareholders and the dividend was paid from retained profits and reserves, following which the solvency margin at the end of the year was about 35% (on the basis of accounting now used). While this was adequate in itself and the solvency margins of our individual operating companies around the world were each substantially in excess of local legal requirements, there was little room to accommodate any marked fall in investment values.

In 1976 growth in premium volume was restricted to about 5% (excluding the effect of changes in rates of exchange). Despite this and a substantial increase in security values in the US during 1976, the solvency margin at the end of that year was only a little higher than at the end of 1975.

It was clear, therefore, that the solvency margin was still vulnerable to a major fall in investment values. Consequently, in planning our activities for 1977, it was decided to continue to control premium growth and, if the opportunity arose, to add to shareholders' funds to improve the solvency margin.

In 1977 premium growth was only about 2% (excluding the effect of changes in rates of exchange) largely due to selling our Austrian and German subsidiaries.

Early in 1977 we were approached by the board of Estates House Investment Trust Limited ('EHIT') who, as was known, had determined to unitise, sell or liquidate the trust on completion of their reorganisation and rationalisation. This approach was attractive to us because of the possibility of an agreed bid and because the assets of the trust, which were in the main a mixture of short term gilts and equities, were suited to our needs. We therefore negotiated an agreed bid, which was accepted by EHIT shareholders and resulted in the issue of 40·4 million shares which added some £45m to our shareholders' funds.

Welcome as this was, it did not take our shareholders' funds to the level which we thought to be desirable. With the firm continuation of the trend of improvement in our underwriting results, it was decided to make a 1 for 6 rights issue in November at the time of the publication of our 9 months results.

The size and timing of this issue, which increased shareholders' funds by approximately £74m after expenses, understandably caused comment in the press and in the market. Our present solvency margin is 54%, and whilst this is appreciably above the margin we have had in recent years, it is probably around the mid point of the range of margins of our principal competitors. More important, however, in the view of your Board, the solvency margin now safely allows for prudent growth and particularly for growth which comes from rate increases and from inflation, without such expansion being unduly inhibited by the possibility of decreases in investment values.

Borrowings

We have repaid a number of bank and other borrowings during the year amounting to a net reduction in borrowings of £17·7m. This, together with a decrease of £25·1m attributable to changes in rates of exchange, has reduced the overall level of Group debt to £235·3m (*1976 £278·1m*).

Board

Shareholders will recall that Mr N G E Dunlop resigned as Chief General Manager and as a director of the Company on 31 May 1977.

On 1 June 1977, Mr J F G Emms, who has been a director since 1972 and was Chief Investment Manager until his appointment as an executive director in 1974, was appointed Chief General Manager. We wish him every success in his appointment.

Our two longest serving directors, Mr A D Marris and Lord Plowden, have reached retiring age and will be leaving us after the Annual General Meeting. We shall miss these old friends and colleagues greatly and we thank them most warmly for all they have done for the Company over a long period.

General

The Wilson Committee

The insurance companies submitted 'first stage' evidence to Sir Harold Wilson's Committee in 1977. Now that the Committee's Progress Report has been published, it is clear that the overwhelming weight of evidence supports the insurance companies' view that the low level of investment in manufacturing industry in the UK in recent years has not been due to lack of availability of finance but rather lack of demand. There appears to be general agreement that the main reason for this lack of demand has been the virtual impossibility in the uncertain economic and political climate of recent years for industrial companies to make long term investment decisions. As one of the insurance companies with substantial life and pension funds to invest for the long term, we are anxious to support any sensible initiative to encourage profitable long term investment in British industry.

This can, however, only be achieved if we have a lower rate of inflation, the prospect of stability in the future and a recognition of the need for companies and savers to earn a real rate of return on their investments. In recent years, as a result of inflation, real rates of return have in many cases been negative. The extent of the problem is seen by the favourable reception given by small savers to the issues by HM Government of Index Linked Savings Plans – the real rate of return on these being nil (apart from the very small bonus that can be earned in certain circumstances). If there is to be more investment by British industry, then the life assurance companies have demonstrated their ability to act as a channel for individual long term saving. There has been much discussion on the need for industry to obtain funds on 'reasonable' terms from the institutions but saving and investment depend upon both saver and borrower being satisfied that the terms are reasonable. It is surely not reasonable from the saver's point of view that his savings should produce a negative rate of return.

There is one other factor that would undoubtedly be of value, namely the increase of incentives at all levels which would result from further reduction in personal taxation. The problems caused by the present rates of taxation on higher incomes have been widely acknowledged, but the problem is just as great at lower income levels, where the present tax rates encourage the overtime ban as a form of industrial action and the disincentive caused by the poverty trap is widely recognised. Whatever HM Government does to reduce tax levels in this year's budget, there will inevitably remain more to be done in the future if the disincentive effect of our taxation levels is to be removed.

Company reports

The Department of Trade has recently published a Green Paper on 'The Future of Company Reports'. Some of its proposals are sound and could well be added to The Stock Exchange listing requirements. There has been a general move in recent years for companies to be required to disclose more information. We have generally supported such moves when they were within the general context of existing company law – that is, when the disclosure assists those to whom the company has obligations under company law – its shareholders and creditors. We also agree with the need for staff to be kept informed of a company's affairs.

There are some suggestions in the Green Paper which are based on a philosophy that we believe is unrealistic. It is suggested that the contents of a company's reports should reflect the wider responsibilities of companies that have been acknowledged in recent years. We as a company have always accepted that a company's responsibilities in society go beyond those prescribed by law. However, to extend that principle to require companies to disclose extensive information to groups who themselves have no connection with or interest in the company is unrealistic. Even present levels of disclosure, justifiable though they may be, are costly and place a considerable burden on boards and senior managers. We have reached a point where the majority of the requests we receive as a company are for simplification of disclosure. Unfortunately in most cases legal obligations prevent our being able either to simplify or reduce the volume of information. Any further major requirements can only serve to divert management from their main task – which is to conduct their company's business efficiently and profitably, to provide a satisfactory service to their customers and to attract the willing co-operation of their employees throughout the world.

Non-executive directors

It has been suggested that the encouragement of companies to appoint more non-executive directors would be valuable. Non-executive directors may well have a more independent and detached approach to a company's affairs than executive directors and have experience in other areas, although they cannot be expected to be as familiar with the more detailed aspects of the company's business as the executive directors. Under company law, all directors, whether executive or non-executive, have equal responsibility and this is a valuable and important principle that we believe should not be eroded. We have always had a number of non-executive directors and the combination of their wider but less detailed knowledge with the detailed professional knowledge of executive directors does, in our view and experience, add to the capacity of the board as a whole to play its part in monitoring and developing the business of the company.

A specific suggestion has been made by the Confederation of British Industry that companies, including financial institutions, should allow their senior executives to accept, say, one appointment as a non-executive director of another company. We support such an initiative and hope that it will receive general acceptance, especially as this will help to ensure that non-executive directors of sufficient quality, and in sufficient numbers, are available and can play a full part in influencing a company's activities.

Conclusion

At the beginning of this review I referred to our main objectives for 1977, which were largely achieved, and to the steady and continuing improvement in our results throughout the year. Shareholders will, I believe, feel it is satisfactory that we have been able to double our profits (both before and after tax), to pay an increased and amply covered dividend on the enlarged capital and to add £38m to reserves.

This substantial progress is due to the unremitting efforts of our Chief General Manager, Mr Emms, and his management team both in the UK and overseas. We are indeed grateful to them and to our staff throughout the world, all of whom have made their contribution to the further improvement in our results.

Again I extend my very warm thanks to my colleagues on the Board for their continued support and advice. They wish to join me in extending our thanks also to the boards of our overseas companies, to our local boards, and to our agents and brokers all over the world. We are most grateful for their valuable support.

Francis Sandilands

Chairman

Insure with Commercial Union Assurance

CU Assurance

Annual General Meeting The Annual General Meeting will be held on Monday, 17 April, 1978 at 12 noon, in the Queen's Room, Baltic Exchange, St. Mary Axe, London, EC3A 8BU.

BIDS AND DEALS

Agreed counter-bid for W. J. Reynolds

Oakstone, a private company owned by Mr. T. J. Clemence, has stepped in with an agreed bid of 45p cash per share for W. J. Reynolds, the Ford Main Dealers. The bid, worth £1.75m., has been agreed with the Board of Reynolds, who have pledged their holdings of 24.46 per cent. of the equity.

Together with Oakstone's existing 25.77 per cent. holding, the offer is already assured of success, thus effectively shutting out the earlier offer by Manchester Garages. The wives of Reynolds directors, who are estimated to hold around 4 per cent. of the equity, will raise the total irrevocable commitment to the Oakstone offer to around 55 per cent.

A cash offer of 73p per share will be made to holders of the 100,000 5½ per cent. Preference shares.

Oakstone has undertaken to protect and safeguard the interests of the present employees of Reynolds.

Reynolds has been advised by County Bank and N. M. Rothschild has acted for Oakstone.

CLIFFORDS DAIRIES ACQUISITION

Clifford's Dairies is to purchase the whole of the County Dairies Group businesses for just under £3m. in cash, £500,000 10 per cent. Loan Notes 1985-88, 500,000 Ordinary shares and 1,500,000 "A" Ordinary shares. Clifford's will issue a circular to shareholders as soon as possible setting out details.

On completion it is intended that a number of the present County Dairies directors will join the Clifford's Dairies Board, and that the name of the company will be changed to Clifford's and County Dairies.

BRITISH VITA BOARD CHANGES

The directors of British Vita have restructured the Board following the death on March 16 of the former chairman, Mr. Norman Grimshaw.

Mr. Fernley Arthur Parker has been elected chairman and Mr. Robert McGee and Mr. Herbert Houghton have been elected deputy chairmen.

Mr. George Blunt, who continues as managing director of the group's international operations has stood down as a deputy chairman.

As a consequence of their appointment as executors and trustees of the estate of the late chairman, trustee holdings of the following directors have been increased as follows:

Mr. F. A. Parker—trustee holding 3,766,354, previously 1,966,888. Total holding including beneficial 4,825,838 shares; Mr. J. H. Ogden—trustee holding 4,017,516, previously 2,218,000. Total holding 4,047,516 including beneficial.

Mr. C. Connelly is also an executor and trustee of the estate. His trustee holding 2,050,678, previously 251,162. Total holding 2,133,634 shares.

GLYNWED

Terms have been agreed in principle for Glynwed to sell the sheet steel division of Cashmores to Finsider International, part of Italsider State Participation Steel Holding IRI/Finsider. The basis of the sale is net asset value and will amount to between £4-£5m.

The agreement is subject to Exchange Control and other appropriate permissions being obtained from the relevant authorities. Until completion the division will continue to operate as at present and Glynwed has received assurances that the interests of the employees will be safeguarded thereafter. The sheet steel division lost about £1m. in 1977 and employs nearly 300 people.

CLOSE FINISH IN COMET BID FOR WIGFALL

Acceptances of Comet Radiovision's contested take-over bid for Henry Wigfall, which officially closed yesterday, were still being counted last night by merchant bankers Kleinwort Benson, advisers to Comet. It had been announced earlier in the day that Comet had received acceptances from holders of 1,067,000 shares which, combined with 95,000 shares held prior to the offer, represented a stake of some 22.3 per cent. This compares with the 45 per cent. that the Wigfall Board, together with associates, has claimed it can muster in opposition.

The final result of the bid is expected to be announced at 9 a.m. this morning and, depending on how close the final figures are, it is widely expected that Comet will extend the closing date until April 1. It has already said that it will not be increasing the terms of its offer.

KLEENEZE BUYS COXSON

Kleeneze Holdings has agreed with Fredk. Coxson and Sons to acquire the total issued share capital of the company of 33,000 £1 Ordinary shares for £35,000.

Consideration is to be satisfied by the issue of 53,847 25p Ordinary shares fully paid in Kleeneze, these shares to rank pari passu with the existing issued shares. Application has been made for the shares to be admitted to the official list.

The last audited accounts of Coxson, for the year to September 30, 1977, showed net book assets of £52,983 and a pre-tax profit for the year of £10,404.

FAIRBAIRN LAWSON STAKE SOLD

Clabir Europe, a wholly-owned subsidiary of Clabir Corporation of Connecticut, has sold its 25.4 per cent. shareholding in Fairbairn Lawson. The 2,907,015 Fairbairn Lawson shares were placed by stockbrokers Laing and Cruickshank among a number of institutions at a price believed to be in the region of 52p a share, which compares with Clabir's original investment roughly two years ago at 28p a share and a price in the market last night of 55½p, up 1½p.

COWIE BUYS FIAT DEALERSHIP

T. Cowie has acquired the whole of the issued share capital of Pollard and Critchley which operates as a Fiat dealer under the name Leighton Motors at Heswall, Wirral.

The price of £133,796 has been satisfied by the issue of 360,800 New Ordinary shares of 5p each in Cowie and £296 in cash. The New shares will not rank for the final dividend due on March 10, 1978. The shares have been admitted to the official list. The last audited balance sheet of P & C valued net assets at £171,000.

P & C also owns leasehold property in Liverpool consisting of a car showroom already leased to Cowie and a multi-storey car park.

PILKINGTON

Contracts have been exchanged for the purchase by Scanex Sakerhetsglas AB, a wholly-owned subsidiary of Pilkington, of Svenskt Bilglas and Norelious and Thorssell, both privately-owned Swedish windscreen distributors.

Svenskt Bilglas, an old established company, has depots at four major centres, while Norelius and Thorssell is also involved in replacement windscreen distribution and is a major glass distributor to the building trade.

The consideration to be paid for the two companies represents less than 1 per cent. of the assets of the Pilkington Group.

JAS. SHIPSTONE

Shareholders in James Shipstone, the Nottingham-based brewers, have been warned by their chairman, "not to be stampeded into accepting Northern Foods' offer which is wholly inadequate."

The chairman says that the revised terms offered amount to only an undertaking that shareholders will be allowed to keep the final dividend, already announced, and that this is "merely allowing you to keep what is yours anyway by rights."

NEWEY SELLS SUBSIDIARY

Newey Group has sold Thomas Cork (service merchandisers), a wholly-owned subsidiary, for £147,981 cash.

The principal activity of Cork is the sale of petcare products and sewing and haircare products through sales racks in supermarkets.

During the year to January 1 1978 Cork made a loss of £122,407. The directors of Newey consider that the disposal of Cork will be helpful in freeing additional management time for further concentration on the traditional manufacturing business.

At the same time, a new sales agreement between Newey and Cork will enable Newey to retain the outlets through supermarkets for its haircare and sewing products. The consideration received for the sale of Cork will be used in the reduction of bank borrowings.

BOC INTENT ON AIRCO

The management of BOC International remains intent on combining BOC and the U.S. industrial gases company Airco Inc. for their "mutual benefit for the future," Sir Leslie Smith, the BOC chairman, told shareholders at yesterday's annual meeting.

Outlining the story of BOC's troubled attempt to raise its equity stake in Airco, the chairman said that BOC was defending an Airco law suit that challenged the validity of BOC's recent acquisition of an extra 1.8m. shares in Airco—a deal that took BOC's stake up to 49 per cent.

He added that BOC's New York lawyers were confident as to the outcome of this law suit and that BOC's New York bankers were confident that successful intervention from a third party (which might make a rival bid for Airco) was unlikely.

Last week it emerged that Airco had approached a U.S. aerospace company, Martin Marietta, as a possible alternative to BOC.

FRIENDS' PROVIDENT

Details of Friends' Provident Life Office's agreement to provide long term mortgage finance to Regional Properties were posted to the property group's shareholders last night.

An EGM at the Mayfair Hotel, on April 12, will consider proposals for an £8m. issue of 8¾ per cent. Convertible Mortgage Debenture Stock 1987/90 to the life office, which already holds 20.8 per cent. of Regional's "A" Ordinary shares, and 5.7 per cent. of its Ordinary voting shares.

Regional director Mr. Peter King has undertaken to sell additional stock to the insurer if the Debenture proposals are passed by shareholders. This additional sale will take Friends Provident's stake in the group to just under 30 per cent.

On full conversion of the Debenture, Friends' Provident would have 83 per cent. of Regional's voting shares. But in the event of conversion, FP has agreed not to vote against proposals for full enfranchisement of the "A" shares, cutting its fully converted holding (excluding any compensation for the loss of voting rights) to 36.3 per cent.

Regional reports that the Bank of Scotland has provided a five-year loan of £7.5m. which will replace the group's Citibank loan that is due for repayment on March 31. A professional valuation of group properties is proposed this year, and the directors anticipate that this will show "a modest surplus over present book values."

SOMERCEL/HAIRLOK

The official document containing details of the acquisition by Somercel, a company jointly owned by British Vita and I. and J. Hyman, for Hairlok has been sent out to shareholders. Holders of 89.96 per cent. of Hairlok have already irrevocably agreed to accept the terms of the cash bid.

FORMICA

Formica International has completed negotiations with Thermo Acoustic Products for the transfer of the ceiling tile business carried on under the Danum trademark by its U.K. subsidiary Formica with effect from March 22.

McLEOD SIPEF

McLeod Sipef has now received acceptances from about 4.8 per cent. of the uncommitted shareholders of London Sumatra. As expected the 110p per share cash offer is being extended until April 4 while McLeod Sipef considers the information in London Sumatra's document issued yesterday.

McLeod Sipef has now more than doubled the acceptances of just under 2 per cent. received by the first closing date. But the increased total at the second closing date is still well short of success since McLeod Sipef's associates only started off with 23.7 per cent. of London Sumatra.

NO PROBE

The proposed acquisition by Lloyds and Scottish of a 50 per cent. interest in Raleigh Industries (Gradual Payments) will not be referred to the Monopolies Commission.

SHARE STAKES

R.K.T. Textiles: R.K.T. Investments, a subsidiary, has acquired a further interest in 10,000 Ordinary shares.

Peninsular and Oriental Steam Navigation Co.: John James Group has acquired £170,000 Preferred stock.

Trans-Oceanic Trust Co. has received notification from Pearl Assurance Co. that, although its holding of 3,175,000 Ordinary shares remains unchanged, as a result of the recent partial conversion of their 4½ per cent. convertible unsecured loan stock 1988/93 their interest in the Ordinary shares capital is reduced to 26.7 per cent.

Second-half drop holds Tubes to £55m.

AGAINST A more difficult trading background, second half profit of Tube Investments dropped from 31.1m. to 27.9m. to leave the pre-tax figure for all 1977 at 55.2m. compared with 49.6m. last time, on external sales ahead 10.5 per cent. to 791.8m.

Tax took £11.2m. (£12.1m.) adjusted, in accordance with ED19, and after minorities, earnings for the year advanced from £35.6m. to £41.2m., representing a stated 82.4p (73.7p) per £1 share. As forecast at the time of the August rights issue, the net dividend total is lifted from 18.913p to 20.958p on increased capital, with a 11.134p final.

Sales in total to overseas customers at £442m. were only slightly higher than in the previous year, reflecting partly the depressed market conditions in many overseas territories and partly due to the relative changes in year end exchange rates during the two years. However, direct exports from the U.K. at £148m. showed a significant increase of 18.3 per cent.

Trading conditions in the second half became more difficult, particularly for the steel tube division, and the seasonal upturn in demand for consumer goods in the second half was disappointing for some products.

An additional adverse factor towards the end of the year was the effect of a damaging prolonged strike a tthe Nottingham factories of Raleigh. Theer was improvement in sales and profits in domestic appliances, machine tools and in certain engineering companies.

	1977 £m.	1976 £m.
External sales	791.8	718.4
Depreciation	13.7	13.0
Trade inv. income	0.1	0.1
Sales of props. profit	0.4	0.9
Trading profit	65.9	60.8
Group	51.0	52.7
B.A. Group	11.3	6.3
Associates	3.1	2.9
Interest paid	6.3	6.9
Loan interest	6.9	7.2
Pre-tax profit	55.2	49.6
Tax	11.2	12.1
Net profit	44.0	37.5
Minority interests	2.8	1.9
Earnings	41.2	35.6
Extraord. debits†	9.1	1.0
Attributable	32.1	34.6
Dividends	11.1	8.5
Retained	21.0	26.1

† Comprises £6.9m. (£1.8m.) terminal losses on closures, £7.2m. exchange debits (£2m. credits), £1.5m. (£0.3m.) excess of cost of shares acquired in subsidiaries over book value of net assets attributable to such shares, and £0.3m. profit (£0.7m. loss) on disposal of subsidiaries and trade investments.

Full year profit included substantially improved contributions from B.A. Group and group associates, amounting to £11.8m. (£8.3m.) and £3.1m. (£2.9m.) respectively.

In response to the interim guidelines on inflation accounting adjusted accounts show a pre-tax profit of £19.2m., compared with £55.2m. in the historical accounts.

A divisional breakdown of external sales and profit shows (£m.), steel tube £261.7 (£281) and £17.4 (£26.6), cycle £11 and £107.9) and £5 (£6.1), domestic appliance £135.6 (£114.1) and £ (£1), engineering 70.5 (60.8) and 6 (£3.7), machine £51.5 (£41.9) and £2 (£0.3), industrial electric £32.5 (£45.2) and £4.9 (£3.3), overseas £101.3 (£111.3) and £ (7.9) and consumer finance £ (£3.4) and £1.6 (£1.4).

The parent company and other companies earned profits of 3.3 (£0.3m. loss).

Capital expenditure increased from £21.9m. to £27.4m. for 19 mainly devoted to cost and productivity improvement rather than to increases in capacity.

Working capital expanded £23.4m. (£28.5m.) at the year end.

Shareholders' funds emerged £345m. (£224.3m.), with net borrowings at December 31, amounting to £111.8m., equivalent to 3 per cent. of funds.

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See Lex

Approach to Gedong Investments

BY JAMES BARTHOLOMEW

Shares of Gedong Investments, an associate of Sime Darby Holdings, were suspended at 125p at the company's request yesterday following an approach which may lead to an offer.

Gedong Investments' main investment is 1,114,933 shares in Consolidated Plantations which has itself been a very strong market of late, reputedly on buying from the East. Consolidated Plantations' shares have risen from 104p to 122p in the last month. It is 68 per cent. owned by Sime Darby Holdings.

The Gedong stake in CP has risen to the current level only in recent months. The conversion of 300,000 warrants into shares at a cost of £210,000 took place after the latest balance sheet date in October, 1977.

Meanwhile, Sime Darby's stake in Gedong has also risen, from 41.7 per cent. in 1976 to 44.6 per cent. Other significant holdings appearing in the latest annual report are an 8.63 per cent. stake owned by LET Investments and 8.83 per cent. belonging to Lloyds Bank City Office Nominees. It is this latter stake which is the latest to appear.

Bids for plantation companies in the Sime Darby group have abounded in recent years. Patani Para was mostly bought in by the group through Consolidated Plantations, Batu Matang went outside the group after a bid auction, and last year Sime Darby fended off a £4½m. bid by Wrengate for Assam Frontier despite the fact that the Board of Assam Frontier recommended the offer.

In view of that precedent, t potential bidder (if it is not Si Darby itself) will be keen to s the approval of Sime Darby well as that of the Board Gedong.

Sime Darby's experience of the bids has not been altogther hap Not only did Batu Matang go o side the group but there was so criticism of SD's use of the Pref ence stock to block the bid f Assam Frontier, which now sta at more than £1 per share bel the offer price.

And as for Patani Para, certa minority shareholders kicked up fuss about alleged "oppress action" against them. Mr. G. Miles, one of the remaining o side holders, is still encourag consideration of offers for t company from third parties.

MONEY MARKET

Unexpected shortage

Bank of England Minimum Lending Rate of 6½ per cent. (since January 6, 1978)

Underlying factors suggested that money should have been in good supply in the London money market yesterday, but this was not the case, and the authorities were called upon to give a moderate amount of assistance to the market.

Any downward trend in interest rates will probably be neutralised by the large number of Treasury bills on offer this week, and the recent stability in Minimum Lending Rate is therefore unlikely to be threatened at the moment.

Under these circumstances the Bank of England was happy to lend a moderate amount overnight to four or five discount houses, at MLR of 6½ per cent. This was the first time that the authorities had lent funds since the end of January, but since it should not have been required on market factors, banks are expected to bring forward very heavy surplus balances.

Interest rates remained fairly firm throughout, as far as the houses were concerned, however, with closing balances taken at around 5½ per cent. Earlier rate were in the region of 6-6½ per cen

In the interbank market ove night rates touched 6½-6¾ per cent and were steady at 6½-6¾ per cen for most of the day, before closin at 2-3 per cent.

Banks carried over substanti surplus balances, and the marke was also helped by a slight exce of Government disbursement over revenue payments to the Ex chequer. On the other hand ther was a fairly large net take-up o Treasury bills to finance, and th authorities held maturing loca authority bills.

Mar. 22 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	2-6¾	—	—	—	6½-7	5½-6⅞	—	—	—
2 days notice	—	—	6⅛-6½	—	—	—	—	—	—	—
7 days or 7 days notice	—	6¼-6⅜	6⅜-6½	—	6¾	—	6-6⅜	—	—	—
One month	6½-6⅜	6⅜-6½	6⅜	6⅝-6⅜	6¾	—	6-6⅛	5¾	6¼	6⅞
Two months	6⅝-6⅜	6½-6⅝	—	6⅝-6⅜	7	—	6	5⅞	6¼	6¾
Three months	6⅝-6½	6⅞-6⅝	6½-6⅝	6⅝-6⅜	7⅛	—	6	5⅞-5⅞	6¼-6⅜	6¾
Six months	6⅞-6⅝	6⅞-7⅛	7	6¾-6⅞	7⅜	—	—	—	6⅜-6⅝	7⅛
Nine months	7¼-7⅛	7⅜-7½	—	7⅛-6⅞	7½	—	—	—	—	—
One year	7⅞-7⅞	7⅞-7⅞	7⅞-8	7⅝-7⅜	8¼	—	—	—	—	—
Two years	—	—	9	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rate nominally three years 10-10⅛ per cent.; four years 10¼-10½ per cent.; five years 10½-10¾ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 6¼ per cent.; four-month trade bills 6¾ per cent.

Approximate selling rates for one-month Treasury bills 5⅝-5 11/16 per cent.; two-month 5 11/16-5¾ per cent.; and three-month 5¾-5 25/32 per cent. Approximate selling rate for one-month bills 6¼ per cent.; two-month 6¼ per cent.; and three-month 6 5/16 per cent. One-month trade bills 6¾ per cent.; two-month 6¾ per cent.; and also three-month 6¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Base Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.8802 per cent.

INTL. FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Sherwin-Williams chairman resigns

BY STEWART FLEMING

NEW YORK, March 22.

WITH CRITICISMS of its financial performance mounting Sherwin-Williams, the largest paint and varnish producer in the U.S., to-day disclosed that its chairman and chief executive Mr. Walter O. Spencer was quitting the company.

The latest move in what promises to be a major shake up at the company, follows proposals drafted by outside directors for far-reaching reforms of the board of directors.

The proposals, which have been sent to shareholders, envisage a reform of the board structure to include only two management representatives instead of the six management members on the 14-man board hitherto.

Sherwin-Williams is only one of a number of troubled U.S. corporations which are in the process of reforming their board structures to give outside directors a better chance of providing a counter-weight to management.

At Sherwin-Williams, the move stems from a dismal profits record in the past three years and from suggestions that financial controls within the company leave something to be desired. There is also concern that unless the company's earnings record can be improved quickly it could face a takeover attempt which would see shareholders bought out on the cheap.

The latest upheavals at the company follow the disclosure of a heavy loss in the final quarter of 1977. On sales revenues of $1bn., the company reported a net loss last year of $6m., compared with a profit in 1976 of just over $18m. and in 1971 of $20m.

The heavy fourth quarter loss, the company declared, meant that instead of breaking even for 1977 as it had predicted in November of last year, Sherwin Williams was in the red. The timing of events raised question about the adequacy of the company's financial controls.

Another concern has been rising long-term debt. In the past four years the company's share price has been under steady pressure, dropping from a peak in 1974 of $40 to around $23 currently.

Analysts of the company's performance point out that, while paint is a slow growth business, its rivals have been reporting good profits. Sherwin-Williams itself has been losing market share and recently, to try to counter this trend, increased advertising and cut prices. Although volume increased, the tactic has apparently had an adverse impact on profits.

The company, which has skipped its latest quarterly dividend, has indicated that it does not expect to report strong first-quarter earnings in the current financial year.

Commenting on his resignation, Mr. Spencer said to-day that, "with the tremendous problems in totally restructing the company, the pressure has been terrific." He added that "the job is no longer any fun. My advice to people who feel this way about their jobs is that they should leave."

Mr. Spencer has been chief executive of Sherwin-Williams since 1971. He is 51 years old.

Reduction in Chrysler debt rating

By Our Own Correspondent

NEW YORK, March 22.

STANDARD and Poors, one of the two front rank debt rating agencies in the U.S. to-day announced a reduction in the ratings on senior long-term debt of the U.S. motor manufacturer Chrysler, and its Chrysler Financial Corporation subsidiary.

On the senior debt, Standard and Poors reduced the rating from BBB to BB-minus, and on the subsidiary's subordinated long-term debt from BB to BB-minus.

Commenting on the decision, which reflects the rating agency's view of some weakening in the company's financial position, Chrysler said that while the change was a reflection of its current short-term situation, it is still an investment grade rating and confirmation of the strength of the company.

Strong rise in loan demand

By John Leech

CHICAGO, March 22.

MAJOR Chicago banks report a strong increase in business-loan demand in the first 10 weeks of 1978. Commercial and industrial loans by six banks which report to the Chicago Federal Reserve Bank show a rise of $725m. from the end of 1977.

This compares with the net decline of $232m. in the same period last year. The strongest levels of increase are reflected in the metals, wholesale, retail, and service industries. In all these fields, gains of between $100m. and $200m. were reported.

Mr. Donald Miller, vice-chairman of Continental Illinois Bank, said good demand for loans was being seen for the first time in several years. It was a sign that many businesses expected present economic expansion to continue, despite a possible fall in the first quarter, he added.

May Stores

May Department Stores, based in St. Louis, reports fourth quarter net profit per share of better trend during the earlier parts of the year. The company earned $1.79 per share in the same period in 1976, reports AP-DJ.

Lykes warns on merger need

BY OUR OWN CORRESPONDENT

NEW YORK, March 22.

LYKES Corporation may only be able to survive as a going concern if its proposed merger with LTV, which would create the nation's fourth largest steel company, goes through.

This is the warning contained i a letter which the company is sending to shareholders with its annual report.

The company's accountants have qualified the report saying that Lykes might not be able to continue in business because of cash shortages associated with theb eavy losses at its Youngstown Sheet and Tube steel making subsidiary.

Lykes said, however, that it does have sufficient cash reserves to survive if the proposed merged with LTV goes through.

The planned merger is currently being examined by Justice Department officials because of the unit-trust implications of the deal. It is seen as something of a test case for whether the U.S. anti-trust agencies will relax their rules to allow mergers between ailing steel makers.

Lykes says that if the proposed merger does not go through, it will probably have to sell substantial assets to cover cash flow requirements.

Last year Lykes announced closures of key facilities in Youngstown, Ohio in an effort to stem losses that totalled $190m.

Separately the auditors of Hecla Mining warned that unless the company restructures its credit arrangements and obtains money from other sources, it will not be able to make its regular payments to banks on July 1 or finance the re-opening of its Lakeshore copper mine.

Hecla, which reported sales revenues of close to $50m. last year, but a net loss of $13.6m., has been suffering from the depression in the mining industry.

Firestone Swiss closure

PRATTELN, March 22.

FIRESTONE Tire and Rubber confirmed yesterday, via its Swiss subsidiary Firestone (Schweiz) AG, that it is closing down its plant here because of the high cost of manufacturing in Switzerland.

The announcement followed disclosure in New York that Firestone will charge $110m. pre-tax against second quarter earnings to cover the estimated costs of closing bias passenger tyre production facilities.

The statement from the Swiss subsidiary said that the high value of the Swiss franc means that tyres can be imported more cheaply than they can be manufactured in Switzerland, while Swiss tyres for the same reason are not competitive on export markets.

The closure, reported earlier by local trade unions, is planned from the end of July and will affect over 600 workers.

Last month, Firestone reported first quarter earnings down from $23.3m. to $7.4m or from 41 cents a share to just 13 cents after a foreign exchange loss of $11.9m.

In announcing the proposed closures in New York, the parent company disclosed that its Canadian subsidiary was ending passenger tyre manufacture at one plant, but had refused to name the European subsidiary also involved.

The company plans additional reduction in bias passenger tyre capacity at a later date as market demand for such tyres continues the expected decline in line with the steadily increasing usage of radials.

The charge includes $50m. of payments to employees affected by the shutdowns, $43m. for losses on disposition of fixed assets and $17m. of other costs associated with phasing out of operations including operating losses during the phase-out period.

While the charges are being taken in the current quarter for earnings purposes, the effect on the company's cash position will be spread out over several years. Agencies.

Pillsbury turns in higher profit

Pillsbury Company, the major Minneapolis-based food concern reports third quarter operating income of 81 cents a share, up from the 73 cents for the same 1977 period. Net profit from continuing operations rose to $14.1m. from $12.7m. on a 12 per cent advance in sales to $399m reports AP-DJ from Minneapolis. The 1978 period was aided by gain on disposition of discontinued business of $1.2m., or 7 cents a share, making a final net of $15.3m. For the nine months this brings the company which anticipates an "excellent" fourth quarter, to $54.6m. net ($3.14 a share) against $50m. or $2.88 a share for the same 1977 period on sales ahead 8 per cent overall at $1.21bn.

Gamble-Skogmo

Gamble-Skogmo ended the year to January 29 on a strong note. Fourth quarter earnings jumped from $8.2m. to $10.4m., equal to $2.30 a share, against $1.87 previously, reports AP-DJ from Minneapolis. This was in spite of a drop in sales during the three months from $463m. to $437m. Annual net earnings moved up from $9.8m., or $2.05 a share, to $18.3m., or $3.87 a share, from sales of $1.5bn., against $1.6bn previously.

Ultramar Quebec cracker

BY ROBERT GIBBENS

MONTREAL, March 22.

GOLDEN Eagle Canada, a subsidiary of the Ultramar group based in the U.K., is seeking federal and provincial financial support for plans to instal a cracker unit at its St. Romuald refinery near Quebec city.

It has applied for a federal regional expansion grant of $C10m., and has had talks with the provincial government to see whether any provincial aid programmes will apply. Refinery expansions do not normally come under regional expansion aid from Ottawa, but it is understood that the Federal Government is likely to make an exception.

The company sees steady expansion in the market for lighter products. The refinery is rated at nearly 100,000 barrels daily, operating on Mid-East crude mainly. It started up in 1971 at capital cost of $C80m. The company has stated the refinery has never made an "acceptable return," and installation of a cracker unit with the resulting higher value products would help profitability. However, a final decision to go ahead with the project has not been made.

GPU still ahead

In spite of a drop in profits in the final two months, General Public Utilities ended the year to February 28 with net earnings up from $125.5m., or $2.28 a share to $140.2m., or $2.42, reports AP-DJ, on revenues increased from $1.1bn. to $1.3bn. Earnings for the final two months were $26.3m. ($28.8m.), equal to 44 cents a share (52 cents) in revenues of $228.3m ($212.2m.).

VONTOBEL EUROBOND INDICES

14.5.76 = 100%

PRICE INDEX	21.3.78	7.3.78	AVERAGE YIELD	21.3.78	7.3.78
DM Bonds	108.42	108.61	DM Bonds	6.289	6.266
HFL Bonds & Notes	104.59	104.49	HFL Bonds & Notes	7.457	7.480
U.S. $ Strt. Bonds	100.32	99.96	U.S. $ Strt. Bonds	8.640	8.693
Can.-Dollar Bonds	99.42	99.71	Can.-Dollar Bonds	9.389	9.352

EUROBONDS

Investor opinion divided

BY MARY CAMPBELL

FIRST DAY trading experience of the new European Coal and Steel Community issue, tends to confirm a dichotomy in investors' views of long and short term investments in dollar-denominated paper. One tranche of the issue matures in 15 years' time and one in 20 years: both traded down to the limit of the selling group concession, if not below. The $125m. five year for Norway had opened much more strongly earlier this week.

The strength of the dollar sector will be further tested to-day when Australia's $350m. four year issue, which was yesterday priced at par, and Macmillan Bloedel's 15-year issue, which was priced at 99½, both start trading.

In the yen foreign bond sector, the opening up of underwriting opportunities to foreign institutions has now been confirmed: the first example will be Deutsche Bank as an underwriter of the yen issue for Argentina, scheduled via Yamaichi for April.

Both D-Mark and dollar sectors were quiet yesterday in advance of the holiday. In the D-Mark sector, a DM.35m offering for the Norwegian City of Trondheim was announced via Dresdner Bank. Terms include a 10-year maturity with an average life of nine years and an indicated coupon of 5¾ per cent. on a par pricing.

Meanwhile, the Eletrobraz issue has been priced at par. The secondary market response has not been enthusiastic: it was trading yesterday at a discount of aproaching two points from the issue price.

Thailand's DM.50m. placement has been priced at 99½ to yield 6.46 per cent. on its five year maturity.

Agreement on a Kuwaiti dinar issue for the Algerian state energy company Sonatrach was signed yesterday. The issue has a final maturity of 12 years (with a bondholders' option to redeem after seven), and has been increased from KD.10m. to KD.12m. Priced at par on an 8½ per cent. coupon. It was managed by Kuwait International Investment Company and Financial Group of Kuwait.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Nederlandse Credietbank increase

By Charles Batchelor

AMSTERDAM, March 22.

NEDERLANDSE Credietbank (NCB) to-day reported a 16 per cent. rise in 1977 net profits on a balance sheet total 19 per cent. higher. Loan business last year rose by a quarter.

Net profit increased to Fls.34.4m. (some $75m.) from Fls.29.6m. The balance sheet total rose to Fls.8.01bn. from Fls.6.74bn., while outstanding credits rose to Fls.4.59bn. from Fls.3.68bn.

The bank saw a shift in its credit mix last year towards the less profitable private sector—mortgage and personal loans—away from business lending. Nevertheless the results are described as "satisfactory."

NCB proposes to increase its dividend to Fls.4.20 per share from Fls.4 the year before. It has reached agreement with its four major shareholders to create Fls.28.2m. of new capital in July taking total capital up to Fls.94m.

This will lead to an increase in the share in the bank held by industrial holding group Thyssen-Bornemisza to 27.5 per cent. from 25 per cent. and of the Amev Insurance Group to 10 per cent. Chase Manhattan Overseas Banking Corp. will retain 31.5 per cent.

The Board expects to meet their forecast of long-term growth of 15-20 per cent. in its "basic business" in 1978. They do not expect to follow other Dutch banks in expanding branch networks abroad.

Outside Holland NCB works largely through Chase Manhattan. Foreign lending grew strongly in 1977 and accounted for about 7 per cent. of all lending.

Billerud issue will effect merger

BY WILLIAM DULLFORCE

STOCKHOLM, March 22.

THE MERGER between the Billerud Company and Uddeholm's forest industry operations announced yesterday will be effected by a new share issue from Billerud, which will give Uddeholm 30 per cent. of the capital in the new company to be named Billerud-Uddeholm.

At the same time Billerud will take over enough of the debt—understood to total over Kr.1bn. ($217m.)—on Uddeholm's forest industry operations to correspond to the value of the Billerud shares and the assets transferred to the new company from Uddeholm.

Mr. Gunner Hindemark, Billerud's managing director, will retain the post in the Billerud-Uddeholm company. Uddeholm with its 30 per cent. holding will be far the largest shareholder.

Full details of the merger will be negotiated—with union representatives taking part—during April in time to be submitted to the company's annual general meetings in May. Worker directors from both companies supported the merger at a joint Press conference to-day as the best way of securing employment in the county of Vaermland.

Uddeholm is not including its power plants in the merger, its managing director, Mr. Gunnar Wessman, said. They contributed pre-tax earnings of Kr.95m. last year, when the Uddeholm would be left with a turned in a loss of Kr.384m. (Billerud made a pre-tax loss of Kr.120m. in 1977).

If both the merger with Billerud and the parallel merger of Uddeholm's steel operations with those of SKF and Fagersta went through, Uddeholm would be ueft with a profitable power plant operation and large minority holdings in the new forest industry and special steel companies, Mr. Wessman said. It was too early to say whether Uddeholm would be re-organised as a holding company.

The new Billerud-Uddeholm company would own in Sweden 1.3m. acres of forest and factories with current capacities of 770,000 tonnes of paper and cardboard, 360,000 tonnes of market pulp and 25,000 tonnes of paper sacks a year. Billerud's foreign subsidiaries, notably the Eucalyptus Pulp Mill in Portugal, will be part of the new company, which at present employs some 9,800 people.

Mr. Hindemark underlined, however, that cuts in the labour force would be inevitable, although the exact figure could not be estimated until the restructuring analysis had been completed. The new company's product range and targets would be determined by the market.

The merger was justified because it would be easier for the two companies to solve the severe problems of their forest industries together rather than to face them alone, Mr. Hindermark said.

Spain seeks bond rating

By Our Own Correspondent

MADRID, March 22.

THE SPANISH Government has agreed to let First Boston sound out the New York bond market with a view to a $70m. to $80m. Kingdom of Spain issue.

This is the first time that Spain has considered borrowing in the U.S. bond market and represents a broadenng of Spain's approach to international borrowing. The size of the issue is small, and the main significance of the move is an effort by Spain to obtain a triple "A" rating. Indeed official here say that the issue is unlikely to go ahead unless Spain is assured of obtaining such a rating.

The decision to go to the New York market was made about two months ago and Spanish officials have apparently been encouraged by the response from American financial institutions to handle the issue. It is on this basis thta First Boston has been selected.

Part-approval for Seat cutback

BY ROBERT GRAHAM

MADRID, March 22.

THE LABOUR Ministry has approved a request by Seat, the country's largest saloon car manufacturer, to put its workforce on short time. However, the Ministry has not conceded the full extent of the cuts sought by Seat.

Seat requested that 27,438 members of its workforce in plants at Barcelona, Martorell and Pamplona be put on short time from January 16 to April 16 to cut back the high level of stocks that were accumulating. Seat sought to cut in this period 24 working days. The ministry reduced this to 16 days after considerable pressure from trade unions involved.

The gesture by the Ministry appears to be politically motivated because Seat now has accumulated stocks approaching 85,000 vehicles against a normal stock of between 30,000 and 35,000. In December stocks stood at 65,000.

Seat management has estimated that it will sell some 247,000 units this year in Spain. Thus the current level of stocks already represents a significant proportion of this. Seat argued that only by losing 24 days production in the first quarter would it be possible to face up to the rest of the year with equanimity. It also felt that this would help to reduce the high cost of financing such an extensive stock of unsold cars.

However, the unions and some politicians complained that such a reduction would have adverse effects on Seat suppliers. As many as 250,000 families are reckoned to be dependent directly or indirectly upon Seat for a livelihood.

The unions had sought to avoid short time and at one stage seriously proposed that Seat should reduce its stocks by selling off the cars at cut rate prices. This produced strong protests from the other car manufacturers here who feel that Seat's problems are largely of its own making — producing unexciting models which are having a decreasing public appeal.

In this respect the short time is only likely to be a palliative to Seat's problems and no cure.

Eurobond new issue growth

By Mary Campbell

EUROBOND new issue activity was higher in the first quarter of this year than in the last quarter of 1977, despite the persistent weakness of the dollar. According to the latest quarterly figures produced by Kredietbank Luxembourgeoise, new issues in the first quarter of this year amounted to $3.6bn., up from $3.4bn. in the last quarter of last year and $2.8bn. in the first quarter of last year.

The major difference between last year and this is the jump in the importance of the D-mark and the fall in the importance of the U.S. dollar. According to Kredietbank, the dollar accounted for 64 per cent. and the D-mark for 27½ per cent. of new issue activity in 1977 as a whole, with the figures for the last quarter being 51 and 39 per cent. respectively. At 45.2 per cent. of all issues, the D-mark has so far this year beaten the dollar, with 44.9 per cent.

The analysis also shows that the importance of less developed countries as borrowers in the Eurobond market has continued to increase: borrowers from North Africa, Asia (excluding Japan) and central and South America have raised over a quarter of the Eurobond issues so far this year, up from 14 per cent. in the whole of last year and 17 per cent. in the last quarter.

Japanese loan rates at record low

The average business loan interest rate charged by the Japanese 13 city banks dropped to a new record low of 6.269 per cent., down 0.026 point from January, according to the Bank of Japan.

The short-term interest rate also fell to a new record low, at 5.386 per cent. in the month, down 0.032 point from the previous month.

In January, the average loan interest rate dropped by 0.041 point from December, and the short-term rate fell by 0.048 point.

Agencies

Van Gelder Papier

VAN GELDER PAPIER, the troubled Dutch paper manufacturer, managed to reduce its loss in 1977 but it is still substantially in the red, writes Charles Batchelor from Amsterdam. It proposes to omitting its dividend for the third year running after last paying Fls.6 a share in 1974.

The pre-tax loss was reduced to Fls.31.6m. ($14.4m.) from Fls.59.8m. while the net figure showed an improvement to a Fls.27.7m. loss from Fls.37.7m. the year before. Sales fell 4 per cent. to Fls.846m. from Fls.878m.

Although the losses are still considerable the company's cash position has again improved, it said in a statement. It is carrying out further cost-cutting measures and otherwise strengthening its operations.

Among these measures is a joint study being carried out with Royal Nederlandse Papierfabrieken (KNP) of Maastricht into a possible merger of the two firms' flexible packaging sales activities.

The two companies, the largest paper makers in Holland, have factories producing flexible packaging materials in at least four scattered locations in Holland. The study is expected to take some months. Crown Zellerbach of the U.S. has a 50 per cent. stake in Van Gelder.

Eurofima pays 4%

AS IN the past 20 years, the Basle based Eurofima is to pay the statutory maximum dividend of 4 per cent. for 1977, while a sum of Sw.Frs.9m. will be transferred to special guarantee reserves, writes John Wicks from Zurich.

Eurofima, a joint venture of European railway administrations for hte financing of rolling stock, has a capital of Sw.Frs.500m. and assets of Sw.Frs.4.65bn.

Vereinsbank

Al ONE point in yesterday's report on the 1977 results from Bayerische Vereinsbank it was stated that operating profits had decreased. This, as the main body of the report showed, should have read increased.

Mounting losses at Montefibre

By Paul Betts

ROME, March 22.

MONTEFIBRE, the perennially loss-making synthetic fibres subsidiary of the giant mixed State/private Milan chemicals conglomerate Montedison, has reported losses of L111.7bn. ($140m.) last year compared to L99.9bn. in 1976. This is despite the sale of some L52bn. of fixed assets during the course of 1977.

The announcement of Montefibre's continuing losses comes only 24 hours after its parent company, Montedison, reported losses in excess of L500bn. last year and proposals to be submitted at its annual meeting next month for a capital reconstruction which is regarded here as a financial virtuoso performance.

This involves a massive capital writedown from L435bn. to L152bn., and a subsequent capital increase to L355bn. through a rights issue underwritten by a consortium of Italian banks led by the medium-term credit agency, Mediobanca. The state-controlled Credit Institute will simultaneously launch a L175bn. bond issue directly guaranteed by the chemical group's fixed assets.

The operation is chiefly aimed at preserving the apparent "private" character of the Montedison group at a time when its main private shareholders are clearly in no position to subscribe to their share of the new capital increase.

But while maintaining Montedison's current position in the private sector, the operation is seen here as a financial balancing act postponing yet again the crucial question of an overall reconstruction programme for the Italian chemicals and fibres sector.

The Montedison operation has the stamp of Sig. Enrico Cuccia, Mediobanca managing director, who has been linked with some of Italy's major corporate deals including the celebrated Fiat-Libya deal, last year's Pirelli capital increase and the Dunlop-Pirelli union.

There are tentative plans to set up a national fibres agency which would absorb, among other companies, Montefibre, so easing the financial and structural problems of Montedison, one of the country's biggest employers with more than 140,000 people and a turnover last year of L5,472bn.

* * *

State electricity utility ENEL is likely to raise to L600bn. ($70m.) the amount of the first tranche of its seven-year bond issue now on the market. Up to now its was thought that the 12 per cent. issue would raise L400bn.

The move follows strong demand for the new bonds. These are priced at 95.75 to yield 13.46 per cent. A further tranche of L200bn. will be issued in the next few months, to bring the total to L800bn.

Reuter

BELGIAN ELECTRICITY

A flurry of fund-raising

BY DAVID BUCHAN

FOR THE second year in succession Belgian's privately owned electricity sector is tapping shareholders for fresh funds.

Two of the "big three" companies, Intercom and EBES have this month announced plans to raise at least B.Frs.7bn. ($220m.) through rights issues, while it is noticeable that executives of the third member of the trio, Unerg, have yet to rule out the possibility of their company taking a similar financing route.

This flurry of fund raising—which follows rights issues by the three companies in 1977 that took their combined capital up by B.Frs.8bn.—is almost entirely geared to the sector's nuclear power programme. In 1977 total investment in the Belgian electricity industry rose from B.Frs. 22bn. to B.Frs.25bn., of which three-quarters went into nuclear plant.

Construction of nuclear plants, which last year produced a quarter of all Belgian electricity, is still going ahead, despite some recent bad publicity. There was a brief public scare in January when some workers at an Intercom plant at Tihange were exposed accidentally to a level of radiation, which proved in the event to be harmless.

But the incident has reinforced the doubts about nuclear safety, which were a factor in the Belgian Government deciding last year to impose a three-year moratorium on new nuclear construction decisions.

Nevertheless, construction relating to plans approved before 1977 continues, and ironically the companies have found the political delay imposed on them not unwelcome, in terms of spreading out the burden of financing new nuclear investment.

Both Intercom and EBES are keen to take advantage of their relatively buoyant share prices to redress the imbalance between their equity bases and long-term debt which built up in the years before 1976. In 1976 Intercom had B.Frs.32.2bn. of long-term debt against an equity base of B.Frs.22.6bn., while EBES had B.Frs.26.9bn. in long-term debt, and only B.Frs.17.4bn. of equity.

True, EBES did issue B.Frs. 1.5bn. in bonds last year. But, overall, with the 1977 and the prospective 1978 rights issues behind them, the companies should be in a much healthier position.

Unerg, formed in 1976 out of a number of small companies with little debt and with relatively little nuclear involvement, has not been under the same pressure.

Some analysts here argue that the power companies can, given the relatively secure nature of their business, afford a debt ratio that would be frowned upon elsewhere on the corporate front. But the electricity industry, which traditionally used to follow the old rule of thumb of financing new investment from depreciation, new equity, and borrowings in equal proportions, is keen to restore the balance.

Proportionally lower debt would also put them in a better bargaining position with the Belgian State. There is already public control of tariffs charged by the three power companies which produce 90 per cent. of the country's electricity. But the Socialist Party, which entered the government coalition last summer, is keen for the State to take a direct stake in the industry, and talks

The latest fund raising is almost entirely geared to the electricity sector's nuclear programme.

are in progress for the State with the private companies to participate in the area of uranium buying, reprocessing and waste disposal.

The public tariff regulatory committee generally ensures that the companies get a decent return. Recently the companies were obliged to make a small rebate to their customers to take account of the lower production costs of more nuclear generated electricity and, during 1977, high voltage tariffs to industry rose only 5 per cent. and low voltage tariffs (to residents and services) only 2 per cent.

But the industry will be pushing hard this year for higher tariff increases. In particular, the companies complain that the Government is forcing them to use more, expensive Belgian coal than they want to. Their estimate is that had they used imported coal in 1977, they could have saved B.Frs1.2bn.

This is one of the reasons why electricity prices, both industrial and residential, are higher in Belgium than in say, France, West Germany, Holland and the U.K.

Cheung Kong move

CHEUNG KONG Holdings, which last year undertook a major property buying programme, is to develop the 150,000 square foot Tiger Balm Gardens, bought from Haw Par (Private), of Singapore, for $HK25m., into a $HK200m. residential complex, writes Daniel Nelson from Hong Kong.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

P & O Australia results boosted by Bovis Homes

BY JAMES FORTH

SYDNEY, March 22.

P & O AUSTRALIA, which only joined the Stock Exchange lists in January, will pay a final dividend of 9 cents a share after boosting profit 67 per cent. from $A3.47m. to $A5.88m. ($US6.7m.).

The U.K. parent floated a 25 per cent interest or 6.25m. shares in its Australian offshoot last December. In the prospectus the directors said they expected dividends would be paid in May and November at an initial rate of 16 cents a share in 1978. The 9 cents final for 1977 indicates that this target may be exceeded in the current year.

Group profit was boosted by a hefty contribution of $A1.02m. from Bovis Homes Australia, which was acquired from the U.K. parent last October. Without the Bovis contribution the Australian company's profit would have risen 40 per cent.

The directors said that, while there were still some uncertain aspects of economic conditions in Australia, they expected the company's general trend would continue.

The result represented earnings of 23.5 cents a share compared with 13.9 cents in 1976.

P & O Australia had interests in stevedoring, wharf owning, cargo and materials handling and tugs and salvage. Passenger liner and cruising operations in the region are handled by the parent with the Australian company acting only in an agency function.

The Australian company also owns and operates a major cold store in Queensland and carries out general insurance underwriting activities through its subsidiary Bishopsgate Insurance Australia. It also has investments in three islands on the Greater Barrier Reef and a one-third interest in a large travel agency, World Travel Headquarters.

The shares, which were issued at $A1.80 each, closed on the Sydney Stock Exchange to-day at $A2.26.

Solid gain at Pioneer Concrete

BY OUR OWN CORRESPONDENT

SYDNEY, March 22.

PIONEER Concrete Services, international concrete and quarrying group, posted a solid lift in earnings for the December half-year after a surge in its overseas operations.

Net profit rose 37.3 per cent., from $A7.1m. to $A9.7m. ($US11m.) on a lift in gross revenue of 13.9 per cent. to A183m. ($US208m.).

The result places the group well on the way towards the record $A17.5m. for the full year, predicted by the chairman, Sir Tristan Antico, at the last annual meeting. In 1976-77 earnings rose almost 46 per cent. to A14.6m.

The directors said the most significant share of the improvement in the December half came from overseas activities. There was no significant change in demand in Australia, with some areas, such as housing, actually weakening further.

There were signs of renewed interest in medium density housing and some industrial developments, but it could be some months before this was translated into actual production and any improvement in output would require a higher level of enquiry than had been evident to date.

The significant improvement in trading results of the overseas group was highlighted by continuing improvement in profitability of the Hong Kong and U.K. operations. Demand in Hong Kong was most buoyant and increased quarry and concrete plant capacity enabled production levels to be increased significantly. Market conditions were not buoyant in the U.K. but profitability was improved because there were a greater number of concrete and gravel plants in operation.

The most noteworthy result was in Israel where profitability was maintained in Australian dollar terms, despite a 50 per cent. devaluation at the end of October and lower production because of Government policies.

Results from the Spanish group were disappointing and minor trading losses were incurred. The loss rate in Germany was reduced but there was no material improvement in Italy and trading losses were expected to continue for the present. Both South Africa and Portugal continued to trade profitably.

The directors said they had been looking at several new overseas markets for the past two or three years. As a first pilot investment a small group engaged in pre-mixed concrete supply in the American state of Alabama had been acquired.

The interim dividend is maintained at 5 cents a share, an effective increase of 12.5 per cent. on capital boosted last year by a one-for-eight rights issue.

Patrick trustee supported

BY OUR OWN CORRESPONDENT

SYDNEY, March 22.

THE TRUSTEE of the failed shareholding firm, Patrick Partners, has survived attempts by some creditors to remove him from his position. A meeting of more than 100 creditors of the firm rejected a motion of no confidence in the trustee, Mr. Jim Jamison, by a margin of more than three-to-one.

Mr. Jamison had called the meeting to authorise payments of $A249,665, as his fees for the period from March 19, 1976, to January this year and payments of $A145,172 to the legal firm of Sly and Russell.

Mr. Jamison also decided to seek the meeting's view on whether he should resign because creditors' committee had sought his resignation. The committee felt that Mr. Jamison was in a position of conflict of interests because the accounting firm in which he is a partner, Coopers and Lybrand, was the former auditor of Patrick Partners.

At the meeting, a group of creditors moved a motion of no confidence in Mr. Jamison for his handling of the winding up of the former sharebroking firm. A Sydney chartered accountant, Mr. Ian Ferrier, who moved the motion, said: "It is important that a liquidator is not only independent but is also seen to be independent." Several other creditors made speeches supporting Mr. Jamison, and pointed out that his resignation would involve greater expenses in the winding up of the firm.

The creditors rejected the motion of no confidence, and approved the payment to Mr. Jamison, which required only a majority of creditors' votes by value. However, under the bankruptcy Act, legal firms who do work in a winding-up need the support of a majority by number and 75 per cent. by value.

Sly and Russell had the support of 88 per cent. of creditors by value but 104 by number voted against the payment, and only 92 for. A partner of the legal firm said later that Sly and Russell would have to consider what it would do following the rejection of the payment of its fees.

Olympic difficulties

OLYMPIC consolidated tyre, plastics and cables group, overcame difficult trading conditions in the December half year to record an 18 per cent. gain in earnings, from $A1.2m. to $A1.4m. ($US1.2m.).

Markets had been depressed, local manufacturers had been faced with "severe competition" from imports and the group had to overcome the effects of the Victorian power strike late last year. Interim dividend is held at 1.5 cents a share.

The current six months had opened with some indications of an improvement in the level of economic activity. The Board expect a "moderate improvement" up to June, with better growth in the first half of 1978-1979.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96½	97½
AMEV 8pc 1987	96½	97½
Australia 8½pc 1992	95	95½
Australian M. & S. 9½pc '92	98¼	99¼
Barclays Bank 8½pc 1992	97½	98¼
Bowater 9½pc 1992	98½	99
Can. N. Railway 8¾pc 1986	98½	99
Credit National 8½pc 1986	97½	98¼
Denmark 8½pc 1984	100½	101½
ECS 9pc 1995	98¼	99¼
ECS 8½pc 1997	95½	96¼
EIB 8½pc 1992	95½	96½
EMI 9½pc 1989	98¼	99¼
Ericsson 8¾pc 1989	96½	97
Esso 8pc 1986 Nov.	101½	102
Gt. Lakes Paper 8½pc 1984	99½	100½
Hamersley 9½pc 1992	100½	101
Hydro Quebec 9pc 1992	97	97½
ICI 8½pc 1987	97½	98½
ISE Canada 9½pc 1986	103½	104½
Macmillan Bloedel 9pc 1992	96½	97½
Massey Ferguson 9½pc '91	95½	96½
Michelin 9½pc 1988	102½	103
Midland Int. Fin. 8½pc '92	98½	99½
National Coal Bd. 8pc 1987	94½	95½
National Wstmnstr. 9pc '86	101½	102½
Newfoundland 9pc 1989	101	101½
Norges Kom. Bk. 8½pc 1992	96½	97½
Norpipe 8½pc 1989	97	97½
Norsk Hydro 8½pc 1992	96½	97
Oslo 9pc 1988	101½	102½
Ports Autonomes 9pc 1991	98	99¼
Prov. Quebec 9pc 1995	96½	97½
Prov. Saskatch. 8½pc 1986	100½	101½
Reed International 9pc 1987	92	94
RHM 9pc 1992	94	94½
Selection Tst. 8½pc 1989	90½	91½
Skand. Enskilda 9pc 1991	99½	100
SKF 8pc 1987	93½	94
Sweden (K'dom) 8½pc 1987	96	96½
United Biscuits 9pc 1989	99½	100
Volvo 8pc 1987 March	93½	94
NOTES		
Australia 7½pc 1984	96½	97
Bell Canada 7½pc 1987	95½	96½
Br. Columbia Hyd. 7½pc '85	95½	96½
Can. Pac. 8½pc 1984	100	100½
Dow Chemical 8pc 1986	97	97½
ECS 7½pc 1982	97	97½
ECS 8½pc 1989	95½	96½
EEC 7½pc 1982	97	97½
EEC 7½pc 1984	96	96½
Enso Gutzeit 8½pc 1984	97	98
Gotaverken 7½pc 1982	98	98½
Kockums 8pc 1983	98½	99
Michelin 8½pc 1983	100	100½
Montreal Urban 8½pc 1981	101½	102½
New Brunswick 8pc 1984	97½	98½
New Bruns. Prov. 8½pc '83	100½	101½
New Zealand 8½pc 1986	98½	99½
Nordic Inv. Bk. 7½pc 1984	95½	96
Norsk Hydro 7½pc 1982	97½	98½
Norway 7½pc 1982	96	98½
Ontario Hydro 8pc 1987	97	97½
Singer 8½pc 1982	100½	101½
S. of Scot. Elec. 8½pc 1981	100	100½
Sweden (K'dom) 7½pc 1982	97½	98½
Swedish State Co. 7½pc '82	97½	98½
Telmex 9½pc 1984	99½	100½
Tenneco 7½pc 1987 May	94½	95½
Volkswagen 7½pc 1987	95½	96
STERLING BONDS		
Allied Breweries 10½pc '90	97½	98½
Citicorp 10pc 1993	97	97½
Courtaulds 9½pc 1989	95½	96½
ECS 9½pc 1989	97½	98½
EIB 9½pc 1988	99½	100½
EIB 9½pc 1992	97½	98½
Finance for Ind. 9½pc 1987	97½	98½
Finance for Ind. 10pc 1989	97½	98½
Fisons 10½pc 1987	100½	101½
INA 10pc 1988	96½	97½
Rowntree 10½pc 1988	97	97½
Sears 10½pc 1988	97½	97½
Total Oil 9½pc 1984	96½	97½

DM BONDS	Bid	Offer
BFCE 5½pc 1988	99½	100½
BNDE 6½pc 1988	97½	98½
CFE 6½pc 1988	97½	98½
Denmark 5½pc 1984	100½	101
ECS 5½pc 1990	98	98½
EIB 5½pc 1990	97½	98½
Euratom 5½pc 1987	99½	100½
Eurofima 5½pc 1988	99½	100½
Finland 5½pc 1986	98½	99½
Forsmarks 5½pc 1990	99½	100
New Zealand 5½pc 1986	99½	100½
Norcem 5½pc 1989	100½	101
Norway 4½pc 1983	101½	102
Philippines 6½pc 1985	97	97½
Sweden 6pc 1989	101½	102½
Tauernautobahn 5½pc 1993	99½	100½
TVO Power Co. 6pc 1988	95½	99½
Venezuela 6pc 1988	95½	96½
World Bank 5½pc 1990	99½	100
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16 pc	99½	99½
BFCE 1984 8½pc	95½	99½
BNP 1983 8 1/16 pc	99½	100½
CCF 1983 8pc	99½	100½
CGMF 1984 7½pc	98½	99
Creditanstalt 1984 7½pc	99½	100
Credit Lyonnais 1982 8pc	99½	99½
DG Bank 1982 7 13/16 pc	99½	100½
GZB 1981 8 1/16 pc	100½	100½
Intl. Wstmnstr. '84 7 15/16 pc	99½	100½
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1982 8pc	101½	101½
Midland 1987 7 11/16 pc	98½	99½
OKB 1983 7½pc	100	100½
SNCF 1985 8½pc	98½	99
Std. and Chtrd. '84 7 11/16 pc	99½	100½
Wms. and Glyns '84 8 1/16 pc	99½	100½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	82	84
Ashland 5pc 1988	88½	89½
Babcock & Wilcox 6½pc '97	94½	95½
Beatrice Foods 4½pc 1992	92	95
Beatrice Foods 4½pc 1992	105	107
Beecham 6½pc 1992	95½	98½
Borden 5pc 1992	99	101
Broadway Hale 4½pc 1987	79½	80½
Carnation 4pc 1987	78½	79½
Chevron 5pc 1988	134	136
Dart 4½pc 1987	78	80
Eastman Kodak 4½pc 1988	80	82
Economic Labs. 4½pc 1987	77	79
Firestone 5pc 1988	80	82
Ford 5pc 1988	84½	86½
General Electric 4½pc 1987	81	83
Gillette 4½pc 1987	76½	78½
Gould 5pc 1987	107	109
Gulf and Western 5pc 1988	82½	84½
Harris 5pc 1992	146	148
Honeywell 6pc 1986	86½	88½
ICI 6½pc 1992	86½	87½
INA 6pc 1997	94	95½
Inchcape 6½pc 1992	108½	109½
ITT 4½pc 1987	77½	78½
Jusco 6pc 1992	108	109
Komatsu 7½pc 1990	114½	115½
J. Ray McDermott 4½pc '87	144½	146½
Matsushita 6½pc 1990	135½	138½
Mitsui 7½pc 1990	112½	113½
J. P. Morgan 4½pc 1987	89½	91½
Nabisco 5½pc 1988	98	100
Owens Illinois 4½pc 1987	110	112
J. C. Penney 4½pc 1987	76	78
Revlon 4½pc 1987	107	109
Reynolds Metals 5pc 1988	81½	83½
Sandvik 6½pc 1988	110	112
Sperry Rand 4½pc 1987	84	86
Squibb 4½pc 1987	78	80
Texaco 4½pc 1988	77½	79½
Toshiba 6½pc 1992	112	113
Union Carbide 4½pc 1982	92½	94½
Warner Lambert 4½pc 1987	81	83
Warner Lambert 4½pc 1988	76	78
Xerox 5pc 1988	77	79

Source: Kidder, Peabody Securities.

Sappi chief cautious on current outlook

BY RICHARD ROLFE

JOHANNESBURG, March 22.

SAPPI, the leading South African producer of pulp, printing and packaging papers and board, and which is controlled by Union Corporation, which holds 51 per cent. of the shares, says in its annual report that while the current year may see some revival in the economy, "there seems little reason to suppose that anything other than a very modest growth rate will eventuate."

No profit forecast accompanies the latest report of the group, which paid a 20 cents dividend for the fourth consecutive year.

The statement by the chairman, Mr. Ted Pavitt, casts little additional light on the breakdown of the lengthy merger negotiations with Reed International and C. G. Smith on the sale to Sappi of Stanger Pulp and Paper, owned 50:50 by Reed and C. G. Smith, and of Reed's stake in its locally quoted subsidiary, Reed Nampak. It says that during 1977, Sappi received an approach from C. G. Smith and Reed.

"After long and complex negotiations in which all aspects of the companies to be acquired were thoroughly examined, it was not possible to structure terms acceptable to all parties concerned."

Sappi's own turnover rose from R177m. to R197m. ($226m.) last year and pre-tax profit, reflecting higher interest charges, fell from R24.5m. to R22.7m. ($26.1m.). The group is midway through major expansion via a R35m. pulping and bleaching scheme and has started on further development of its Tugela plant for R30m. But despite this work, large in relation to Sappi's market capitalisation of R47m., with the shares at 165 cents the balance sheet shows little sign of strain, and borrowings have fallen from 23.4 to 20.8 per cent. of shareholders' funds.

The relative ease with which the capital spending has been financed reflects Sappi's strong cash flow, nearly R16m. last year, or R19m. including deferred taxation.

The shares fell sharply by 35 cents to 160 cents early this week on relisting after their long suspension because of the negotiations with Reed and C. G. Smith, but recovered ahead of the report. Reed Nampak fell initially 40 cents to 275 cents before staging a modest recovery. Apart from disappointment over the negative outcome of the talks, the share price falls reflected a general decline in the local industrial market.

Nippon Steel to pay less

TOKYO, March 22.

A NIPPON STEEL Corporation dividend cut for fiscal 1977, ending this month, is unavoidable, as a result of a slump in domestic steel demand, the company said.

Vice-president Taiso Imai said that the dividend may have to be reduced to 6 per cent., or Y3 per share, from 10 per cent., or Y5 the previous year.

The net profit for the year is expected to fall 41 per cent. to about Y17bn. ($74m.), from Y28.77bn., on sales estimated at between Y2,320bn. and Y2,330bn. ($10bn.), or 8 per cent. less than the Y2,510bn. a year earlier.

The fiscal 1977 results are due to be announced in May, but Mr. Imai said that despite price rises, substantial first half deficits have grown larger in the second half.

These deficits, expected to total about Y60bn. for the whole year, are, however, more than offset by income from sales of securities and foreign exchange profits due to the yen's steep appreciation.

Reuter

OFFSHORE BANKING

Hong Kong tax puzzle

BY ANTHONY ROWLEY IN SINGAPORE

Hong Kong's intention to tax offshore banking profits, announced at the beginning of the month, is causing international banks to rethink their strategy in South-east Asia. But the shape to be taken by the taxation remains unclear.

THE INTERNATIONAL banks operating in Singapore have been left guessing by Hong Kong's announcement at its March 1 Budget that it intends taxing offshore banking profits at the rate of 17 per cent. instead of at a zero rate. The move is causing some of the leading foreign banks here—particularly the American—to rethink their offshore strategy in South-East Asia.

Up to now the strategy has often involved booking Asiadollar loans through the banks' representative offices in Hong Kong—which has applied a 12-year moratorium on the opening of full branches by foreign banks there—while funding the loans in the Asiadollar market in Singapore.

Booking such loans to Hong Kong often takes place even though the money involved is raised outside Hong Kong and lent offshore, while a minimum amount of administration work is carried out there by the banks.

It is a useful device, however, which enables foreign banks to avoid paying tax on the interest earned on such loans, thus increasing profits to offset against heavy taxes payable elsewhere (Japan and Germany, for example) which cannot be fully offset against, say, U.S. taxes.

A "Hong Kong" offshore loan, according to a senior officer of one leading U.S. bank here, might in an illustrative case be made on behalf of the bank's Hamburg office to a local customer with funds raised in Singapore and credited to the Hamburg borrower's dollar account in San Francisco. Nominal administration work would be carried on in Hong Kong so that the loan could be "garaged" there for tax purposes.

The loan could just easily be booked to Singapore—although since even the concessional rate of 10 per cent. at which banks' offshore earnings are taxable here has been unfavourable in comparison with the nil rate in Hong Kong, the lion's share of loan syndication has gone to the British colony.

All this might now change, and the international banks—which reserve the right to choose where loans shall be domiciled for tax purposes—could transfer a large part of their existing loan portfolios, as well as new business, to Singapore and elsewhere.

One U.S. banker was explicit on this point. He said: "If this turns out to be 100 per cent. bad we could lift our whole loan portfolio out of Hong Kong and incorporate it here in a couple of days, because the loans are only book entries."

How "bad" Hong Kong's measures will be in effect was unclear from Financial Secretary, Philip Haddon Cave's budget speech. Subsequent publication of enabling legislation did little to clarify the issue and some observers are suggesting that Hong Kong is being deliberately obscure in order to preserve maximum flexibility over implementing the new tax.

On the one hand, Mr. Haddon-Cave appeared to exempt the kind of "passive" transaction described above which has only a tenuous conection with Hong Kong, when he said that taxation would be extended to include "interest which a banking business actively carried on in Hong Kong obtains *without the substantial intervention of any branch elsewhere.*"

On the other hand, he appeared to bring just about all offshore profits into the tax net when he added that the 17 per cent. imposed would affect profits derived from income received on funds borrowed in Hong Kong but invested overseas, and also from "offshore business or lending to non-residents by borrowings of foreign currencies from abroad."

Bankers here are still seeking clarification of these points before deciding upon any precipitate action. If the new tax affects only "active" business negotiated by Hong Kong-based lending officers, it will not be of high concern to the banks, particularly as many of the bigger ones say that they can relocate their lending officers elsewhere in South-east Asia anyway.

One theory among bankers here is that Hong Kong had announced more stringent tax measures on offshore earnings in anticipation of its plans to liberalise official policy on new branch opening by foreign banks there. This theory was given credence by the mid-March announcement by Mr. Haddon-Cave that he did, indeed, intend such a liberalisation. The thought now is that Hong Kong will end its effective tax-haven status but in return offer the foreign banks participation in the colony's fast-expanding domestic loan market, through full branches.

Mr. Haddon-Cave said that his Government would consider applications for full banking licences from foreign banks provided that: The applicant is incorporated in a country that exercises "effective supervision" on banks; that it has total assets exceeding H.K.$3bn. and that it is incorporated in a country which allows Hong Kong banks to operate there.

This insistence on reciprocity may secure for Hong Kong banks the access to Australia and certain U.S. states which they are currently denied.

Another theory advanced here is that Hong Kong could have come under some political pressure to end its liberal regime on taxing offshore bank earnings now that Washington, for one, is seeking a harder line towards overseas taxation on the corporate sector.

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Gold Fields Group

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(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

I am pleased to report that registration of the Deelkraal mining lease, and the cession thereof into the name of your company, were effected during the year under review. It is also pleasing to report that the sinking of the two surface shafts has been completed and that progress in general on the establishment of your company's mine continues to be satisfactorily maintained according to the schedule which had previously been accelerated to alleviate as far as possible the adverse effect the continuing high rate of inflation has had on costs. The reports of the technical advisers, which are included in the annual report and the enclosed circular, and to which members' attention is directed, describe in detail the progress made during the past year. This review will, therefore, deal with the salient features of those reports.

No. 1 Shaft, which will convey men and material and through which all rock hoisting to surface will take place, was sunk to its final depth of 2 037 metres below collar on 7 February 1978, with stations having been excavated, together with ancillary development, at two-level intervals between 3 and 11 Levels. By the end of December 1977, 1 606 metres of haulage development had been completed as well as the reef passes between all levels and waste passes between 3 and 5 Levels and between 9 and 11 Levels. Equipping of the shaft will soon be started and should be completed early in the second half of this year, by which time most of the construction work on the stations should also have been completed so that development to reef can commence. Sinking of No. 2 Shaft, which is primarily for ventilation but will also have facilities for conveying men and material, was completed in January 1977 to its final depth of 1 778 metres below collar. Stations on 3 and 5 Levels, together with ancillary development, were also completed. After the headgear portion of the smaller-diameter No. 1 Sub-Vertical Shaft, which is an extension of No. 2 Shaft, had been completed, sinking of the sub-vertical shaft was started and to date has reached a depth of 184 metres below its collar, with the excavation and support of 7, 9, 11 and 13 Level stations, and ancillary haulage development, having been completed. The sub-vertical shaft is expected to be sunk and fully equipped to its presently planned final depth to the loading station below 21 Level by the end of 1979 when development to reef can be started.

The Ventersdorp Contact Reef was intersected in No. 1 Shaft at a depth of 1 857 metres below collar but, not unexpectedly, disclosed negligible values. An average value of 1 323 centimetre-grams per ton was, however, disclosed in a band of Elsburg Reef lying 9 metres below the Ventersdorp Contact Reef. This result is encouraging and it is the intention that the potential of the Elsburg Reefs will be investigated at an earlier stage than had been planned. As members are aware, the feasibility of turning the mining lease area to account was based solely on the mining of the Ventersdorp Contact Reef although it was considered probable that substantial additional tonnages, albeit at a lower value, might become available from the Elsburg Reefs. A reef, identified as a merged Ventersdorp Contact Reef and Elsburg Reef, was also intersected in the headgear portion of No. 1 Sub-Vertical Shaft, 1 867 metres below the collar of No. 2 Shaft, which averaged 265 centimetre-grams per ton. These isolated results should not be regarded as indicative of the tenor of ore likely to be opened up by development beyond the shaft pillar.

Most of the surface buildings and installations have been completed and are in use, and work is now being concentrated on the construction of the reduction plant, the initial phase of which should be completed by the end of this year, and on the refrigeration plant which is expected to be commissioned in time for the start of the underground development programme.

The initial portion of the mine village, comprising 276 houses with services and amenities, was completed during the year. No additional houses will be built until after the mine is in production. At the hostel complex, four residential blocks have been completed and are in use, as are the administration block, kitchen, brewery, dining room and sports fields. Work on the remaining five hostel blocks is expected to be completed by the end of this year.

It was previously forecast that stoping would start in 1980, and that milling would build up to a rate of 60 000 tons per month by the end of that year. However, development from No. 1 Shaft is now expected to reach the reef horizon early in 1979 and, provided sufficient payable raises have been established, stoping is expected to start half a year earlier than previously forecast, with trial milling commencing towards the end of 1979 and production in 1980 building up from a rate of 60 000 tons per month to a rate of 120 000 tons per month by the end of that year, at which level production should be maintained as ore becomes available from No. 1 Sub-Vertical Shaft. A final decision on the expansion of operations beyond this level will only be taken after the results of the initial development and stoping become available.

In the technical advisers' report, which was included in the annual report for the year ended 31 December 1976, and in my review dated 25 February 1977, it was stated that, taking into account expenditure already incurred, and on the basis of costs prevailing at the beginning of 1977, the estimated total cost to bring the mine to production was R125 million, no account having been taken of probable further cost increases during the remaining period to 1980. Capital expenditure during 1977 was R29,3 million, compared with the estimate of R27,6 million made at the beginning of that year, the increase being mainly attributable to the effects of inflation. The technical advisers have made a new forecast, on the basis of costs prevailing at the beginning of 1978, of total capital expenditure to be incurred up to the stage when the mine is expected to become self-financing. This amounts to R134 million. After allowing for cost escalation until the mine becomes self-financing and sundry pre-production expenditure, they have recommended that an amount of R50 million be raised as soon as possible.

Members have already subscribed R100,7 million as capital in the company, of which R91,1 million had been expended to 31 December 1977. At the present rate of progress on the mine, the balance of these funds will soon be exhausted. The directors have accepted the recommendation of the technical advisers and accordingly they recommend that approximately R50 million be raised by means of an offer of shares to members for the purpose of implementing the proposals detailed in the technical advisers' report which is contained in the enclosed circular giving particulars of a proposed rights issue of shares to members registered in the books of the company on 21 April 1978. It is expected that the offer of the new shares will be made on 28 April and will close on 19 May 1978, subject to members agreeing to an increase in the authorised capital of the company at the annual general meeting to be held on 13 April 1978.

Once again I have much pleasure in expressing, on behalf of the board, our appreciation of the services rendered during the year by Mr. J. D. Pollard, the consulting engineer, by Mr. D. A. Blair Hook, the mine manager, who was transferred to another position in the Gold Fields Group at the end of the year, and by the staff at the mine and at head office.

Johannesburg
6 March 1978

R. A. Plumbridge
Chairman

NOTICE TO MEMBERS

Proposed increase of capital and offer of shares to members

A report dated 9 February 1978 has been received from Gold Fields of South Africa Limited, the technical advisers to the company, recommending that an amount of R50 million be raised to finance the expenditure necessary to bring the company's mine to the stage when it is expected to become self-financing.

Your directors have accepted the recommendation of the technical advisers and propose to raise approximately R50 million by means of an offer of shares to members.

Gold Fields of South Africa Limited and Consolidated Gold Fields Limited and their respective subsidiaries intend to subscribe for their entitlements in terms of the proposed offer.

At the annual general meeting to be held on 13 April 1978, consideration will be given to a special resolution increasing the authorised capital of the company to R20 million by the creation of 30 million new shares, and an ordinary resolution authorising the directors to issue the shares created by the special resolution and the existing 7 000 000 unissued shares and to make the necessary arrangements with regard to underwriting.

Subject to the special resolution being passed and registered and to the ordinary resolution being passed, it is proposed to make an offer to members on terms to be determined by the directors, of shares, ranking *pari passu* with the existing issued shares of the company, to raise approximately R50 million.

The proposed offer will be made to members registered in the books of the company at the close of business on Friday 21 April 1978.

It is expected that:

(a) Details of the offer including the ratio and price will be advertised on 21 April 1978.

(b) A circular giving full details of the offer together with Renounceable Letters of Allocation will be posted from the Johannesburg Office of the company and from the office of the company's United Kingdom Registrar, as appropriate, on 28 April 1978, to members in respect of their holdings on the record date.

(c) The offer will close on Friday 19 May 1978.

(d) Forward dealings in the rights, prior to the issue of Renounceable Letters of Allocation, will commence on both the Johannesburg and London stock exchanges on 24 April 1978. In Johannesburg and London such dealings will be for special settlement on 2 and 3 May 1978, respectively.

Negotiations are in progress with Gold Fields of South Africa Limited regarding the underwriting of the proposed offer.

Applications will be made to The Johannesburg Stock Exchange for a primary listing of the Renounceable Letters of Allocation and of the shares to be offered and to the Council of The Stock Exchange, London, for the said shares (initially represented by Letters of Allocation) to be admitted to the Official List.

A circular in connection with the proposed offer of shares to members, was posted to members on 22 March 1978, together with the annual report which incorporated a notice of the annual general meeting to be held on 13 April 1978.

In connection with the annual general meeting the register of members will be closed from 6 to 13 April 1978, inclusive.

Registered and Head Office
Gold Fields Building
75 Fox Street
Johannesburg 2001

London Office
49 Moorgate
London EC2R 6BQ

By order of the Board

GOLD FIELDS OF SOUTH AFRICA LIMITED
Secretaries

per D. J. White

22 March 1978

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هكذا من الأصل

Real people

BY C. P. SNOW

...by David Cook. Secker Warburg/Alison Press, 206 pages

...Music by Peter de Vries, ...nz. £3.95. 221 pages

...v. Kramer, by Avery ...an. Collins, £4.50. 233

...r is Mr. David Cook's ...vel. It is original, brilli... harrowing. He is a real ... Literary ingenuity, even ... talent, is comparatively ... Real writers are very ...ne test was defined long ...en you read a real ... you have to feel that ...re thus, and not other. To my knowledge, no ... appearing on the scene ...t years gives that impact ...re authority than David

...y that this new book is ...ig is a genteel understate... is about as harrowing as ...il and unsensational book ...nage to be. His central ... Walter, is a mental ... He learns to talk only ...fficulty, and then im...y. He tries very hard to ...implest cleaning jobs at ...orth's store. His mother ...crifices all her own hopes ...fter him. When she dies, ...'t understand what has ...d. He can't survive by ... The local authority has ...im in a mental home— in Cook's muted but ... description, makes ...ky's *House of the Dead* ...e a luxury hotel. Walter, ... himself as he has always done, tries to understand and give a little help. He becomes a kind of trusty. He gets small privileges. He is there for life, and there we leave him.

This sounds dreadful. Yes, it is dreadful. The book shouldn't be read by anyone susceptible to physical qualms. Probably the subject will prevent it attracting the audience that a major book deserves. For that reason, and that reason only, one hopes that soon Cook's creative imagination will find somewhere else to go. It would be impertinent to offer any advice to such a talent. In fact, advice to a real writer, except on very minor points, nearly always does more harm than good.

Through his desolating story there emerges, if one's nerves and stomach are strong enough, something like a radiance. It is extraordinarily hard to convey goodness in a novel. Only Dostoevsky has come anywhere near success in doing it. It wasn't by accident that I referred to Dostoevsky's prison earlier on. Of all great writers, he would have best understood Cook's book.

Walter, poor devil, is good. This comes out more truthfully than in any modern art that I know of. Dostoevsky sometimes sentimentalised his attempts at good characters — though not in his greatest work. Cook, lucid, deep-feeling, never does. Walter comprehends very little. Maybe if he comprehended more, he wouldn't be as good. He can't do much. What little he can do for others, he tries to. In his pathetic life, he doesn't do a bad thing to a living soul.

The author makes it clear that he is not himself a religious believer. The book is, however, an expression of religious feeling, which is, of course, quite a different matter. It is possible to say much the same of Dostoevsky, in whom the feeling was far more certain than the faith.

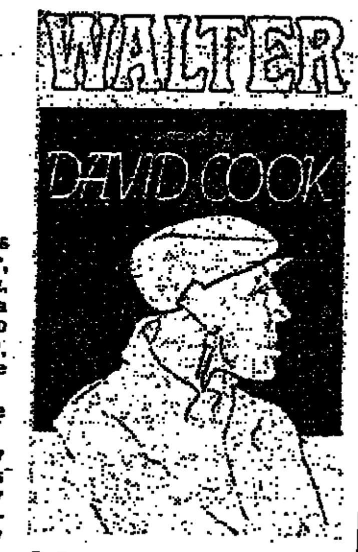
Cook is in his early thirties. We should be proud of him.

Peter de Vries has had many admirers as a humorist. He is highly intelligent, verbally dextrous, cultivated and sophisticated in the fashion of the New York-London axis. For me, though, that fashion is too parasitic to give much satisfaction. It is all inbred in a kind of entertainment industry, like TV comedians having no other material or points of reference than other TV comedians. It makes my jaw ache—and with regret, since I occasionally get spasms of pleasure from his writing, this is my main response to the novel under review.

De Vries finds his material in a spirited imitation of Groucho Marx. His hero actually thinks, after various psychological shocks, that he is Groucho Marx. Very strangely, for a man as sharp-witted as De Vries, the writer gives us a serious, not to say solemn, psychiatric explanation of this singular circumstance. Followers of De Vries will not be put off by what I say, and if they revelled in his previous books, will revel in this.

There is nothing parasitic about *Kramer v. Kramer*. It is an authentic work, except for a shockingly false conclusion, which Mr Corman must have arrived at against his real judgment. Most of the book is firm with first-hand observation, and with warm feeling. The setting is a group of middle-rank professional men and women in New York, living pretty high in precarious jobs, marriages also precarious, sexual pick-ups everywhere they go. Kramer's wife, beautiful but tiresome, walks out, leaving him with an infant son who is beautifully realised. He loves the boy. Sometimes, as usual in father-son affections in literature, the emotion slops over. That is endurable. Overdone feeling is preferable to fake hard-boiledness.

After an interval, the wife, still beautiful but even more tiresome, returns, not to the unfortunate Kramer, but to claim the son. Hence a court case. If you forget the falsity at the end, this is an oddly moving book. To get the most out of it, you need some familiarity with American manners and customs.



Dallas Adams jacket drawing for "Walter"

How America came in

BY NICHOLAS COLCHESTER

Allies of a Kind: The United States, Britain and the War against Japan 1941-45 by Christopher Thorne. Hamish Hamilton. £15.00. 772 pages

The guns are only faintly heard in Christopher Thorne's study of the relationship between Britain and the United States during the second world war. He takes the reader deep into previously unopened archives and there, with a daunting meticulousness, shows him the diplomatic manoeuvring that lay behind the military alliance.

Allies of a Kind is a title that puts Professor Thorne's theme into a nutshell. On the one hand the book tells how, particularly in the Asian theatre war, the two allies were deeply suspicious of each other's motives. On the other, it shows them united in their Anglo-Saxon-ness, determined not to allow "white men's countries" to be overwhelmed by a "yellow race."

It is the privilege of the historian to show how tumultuous events have symbolised rather than caused inexorable trends. Christopher Thorne tells of voices in Japan in 1925 predicting a "coming war" between East and West in which the champions would be Japan and America. "Indeed," he says, "if one takes as a starting point the very beginning of the age of Western dominance in Asia, the arrival of Vasco da Gama, then it can be suggested that in one sense, despite their eventual surrender in 1945, the Japanese had already won their war."

Against this backdrop of Asiatic peoples moving towards self-determination the book analyses in exhaustive detail the changing relationship between Britain and America. Churchill constantly refused to face up to the end of colonialism: indeed his greatest strength was his steadfast faith in Britain's untenable position. In contrast, Roosevelt took a more far-sighted view. He told Churchill:—

"You have 400 years of acquisitive instinct in your blood and you just don't understand how a country might not want to acquire land somewhere if it can get it. A new period has opened in the world's history and you will have to adjust to it."

He pinned hopeless faith on China as the emerging leader of a new democratic Asia.

All through the war it was a recurrent theme in the American Press that the country was not fighting to preserve colonialism: "Why should American boys die to recreate the colonial empires of the British and their Dutch and French satellites?" Yet as the war progressed and America's supremacy over Britain became steadily clearer, Washington was itself forced to choose what it should do with its own new power in Asia. It decided—to its future cost—that "if the American way of life is to prevail in the world it must prevail in Asia."

But Professor Thorne is not guilty of the simplifications inherent in such a summary. He weaves a large tapestry with an extremely fine thread. Indeed, the labour that must have gone into this book is so obvious that the reader sometimes feels duty to it rather than pleasure from it.

The scholarship is made palatable by the author's impressive English and by the acerbic way in which he deals with each of his cast of thousands. The book is anything but bland. It is also a mine of excerpts from memos, diplomatic reports, diaries and briefings, many of which are brought to light for the first time.

There is satisfaction in reading perceptive, or hopelessly misguided, analyses with the wisdom of hindsight. *Allies of a Kind* contains its own essence in a prescient question posed by the American Ambassador in London in 1913: "What is America going to do with this England and this Empire, presently, when economic forces unmistakably put the leadership of the race into our hands?"

Christopher Thorne: origins of global war

Tory trumpet voluntaries

BY REX WINSBURY

Margaret Thatcher by Patrick Cosgrave. Hutchinson. £5.50. 224 pages

In Defence of Freedom. Edited by Dr. K. W. Watkins. Cassell, £2.50. 180 pages.

The point of reviewing these two books together—which supporters of Mrs. Thatcher might otherwise regard as unfair—is to pose the question: what is the Thatcher political philosophy? I am not sure: have never been sure: and am not much enlightened by Patrick Cosgrave's meditative but meandering hagiography.

Whereas the manifesto from John Gouriet's National Association for Freedom at least has the merit of being an unambiguous challenge to agree or disagree with their anti-socialist, anti-trade union and anti-egalitarian activist line.

It may be, of course, that I, along with about half the voting population, would not recognise a Tory philosophy if I saw one. The left wing has for several generations now defined not merely the content of political argument, but also the form in which it takes place. A Tory philosophy is expected to have the form, but not the content, of a socialist one: whereas in reality a Tory philosophy may perhaps be a set of predispositions, an attitude of mind.

In that event, Cosgrave can claim to have added a bit more to the mounting pile of Thatcherana than his own view of the Iron Lady as a Very Wonderful Person. Having been a speechwriter and associate of Mrs. Thatcher, he knows her personal style and habits, and in that sense brings the reader nearer to his still enigmatic leader.

Margaret Thatcher: way to the top

There is, for example, an interesting but to me disturbing account of the development of her views on the Soviet Union — disturbing because they apparently derive from Solzhenitsyn and Robert Conquest, two brilliant men who have written the Great Soviet Purges of the 1930 and 1940s into the consciousness of the West, but who are, I submit, necessary but not sufficient witnesses for forming a contemporary view.

Perhaps the mistake of Cosgrave's book it that it tries to do too much, and therefore does it thinly. It attempts to outline Mrs. Thatcher's biography: discuss the history and present state of the Conservative Party: analyse the leadership contest that brought Mrs. Thatcher to the top: and explain her political outlook. The part that reads best is perhaps the part that the Tories will thank Cosgrave least for—resurrecting the quite nasty goings on during the leadership struggle with Heath, which he chronicles with no small degree of relish and inside knowledge. But in the end, it must be admitted, a biography of Mrs. Thatcher by Patrick Cosgrave must be required (if sometimes dull) reading for the Party faithful and students of politics.

As to the Gouriet manifesto, there are one or two oddities among the list of essayists that make up the volume, notably ex-GLC Labour councillor Dr. Stephen Haseler, ranged alongside the hard core members of the NAF, who include one previous biographer of Mrs. Thatcher, Russell Lewis. If the book says nothing fundamentally new, it is at least right that the views of a group that has made such a mark on recent history, even if it has run out of cash in the process, should be set out between hard covers for public inspection.

The volume also prompts the question—again hardly a novel one—what do the NAF and Mrs. Thatcher have in common? Where does the so-called Radical Right, to which Mrs. Thatcher belongs or appeals, begin and end? The rhetoric is often much the same, and as author of some of the rhetoric, Cosgrave might have suggested an answer. In terms of personal style, perhaps he does: his is a kindly, almost matriarchal Mrs. Thatcher. But matriarchy is not, at least in our time, a political philosophy.

Fiction

Three comedians at large

BY ISABEL QUIGLY

...owback by Tom Sharpe. ...r and Warburg, £4.50. 235

... by Jules Feiffer. ...inson. £4.50. 349 pages

...d by George Moor. John ..., £4.95. 176 pages.

... Sharpe, scourge of ...lifestyles, academic tren... phoney and the creepy ...heavily disguised, has this time once too often; ...mered too hard on the ...ot, with the same wea... Once again he has used ...as once called a "strong ... which in his case means ...f energetic action: physi...ion involving feats of ...ing skill, topplingly constructed come-uppances; a sort of Jacobean masque of complex machinery.

As in the other novels, appalling destruction is wreaked on his foes by the hero in possible through improbable ways. No one, least of all the stunned local policemen, can say why suburban Sandicott Crescent, home of neat spinsters and retired colonels, quite suddenly becomes a disaster area, mined, swamped, polluted, stinking, crumbling, above all uninhabitable.

Can they guess that the innocent—indeed gormless-looking owner is merely getting rid of his rent-controlled tenants, otherwise everlastingly sitting on the gold-mine he can't reach? The fact that we are asked to sympathise with him and his other-worldly sweetness makes it all a bit like *Monsieur Verdoux*.

Of course there are some good things, and a lot more to the action and characters than that: skills and qualities like Tom Sharpe's don't fade away overnight. But the theme of indignant underdog armed with lethal custard-pies needs new treatment or total rethinking.

Jules Feiffer is miles from all this, digging and undermining as purposefully but, being a metaphysical mole, on the level of the psyche: elliptical, ruminant, his irony so circuitous as to be almost dreamlike; as you might expect from his cartoons, an uneasy provider of space for jokes rather than jokes direct, evoking bat-squeaks of laughter rather than guffaws, feelings of intricate sympathy with meaning wrapped in skin upon skin of meaning. No bombed sewers or marauding rats in *Ackroyd*, none of Sharpe's heavy artillery or electronic gadgets: a roundabout tale of a man who calls himself Roger Ackroyd when he sets up, misguidedly, as a New York private eye: and his private eye diary: and his clients who over the years become friends, lovers, hangers on, older, fatter, diminished, heightened, everlastingly amenable to others' views of them, psychically elastic: worlds within worlds (his, theirs), art within (or without) reality.

The detailed handling of all this, even at its obscurest, is marvellously deft: quotable phrases abound, too good to miss, too neatly placed to trip over: every word, punctuation mark, pause or hurry, gap or emphasis, has its point almost visually made, yet seems very lightly placed, without nudge or effort. The effort is ours, padding behind the plot, catching the references, doing what it means us to do, untangling the expression of a mind of singular interest, which chooses the least obtrusive yet the most curlicued forms of wit.

George Moor is a new writer with a clear voice of his own, another comedian of sorts who has been compared (not too unsuitably) with the young Evelyn Waugh. *Fox Gold* contains three novellas, one set in the Pennines, one in Japan, one in Teheran. From none do you get a glimpse of the narrator's persona, age or outlook; into each he fits so snugly you imagine him a lifelong inhabitant of its places and feelings.

The title story is the straightest, creepiest and best: the tale of an old man dying, rich and lonely, prying into his neighbours' doings, altering his will, reading his Bible, pontificating, till a stranger called Mrs. Fox, red-headed and vixenish, alters his aged ways, if not his heart, just a little.

The Japanese story is in quite another vein of deadpan humour, a wilder flight of fancy involving Japanese life seen by an English teacher and itinerant dog: the Persian, almost elegiac, is full of sad lyricism. A mind and style to enjoy, a name to watch.

U.K. ECONOMIC INDICATORS

...MIC ACTIVITY—Indices of industrial production, manu...ng output, engineering orders, retail sales volume (1970=...; retail sales value (1971=100); registered unemployment ...ing school leavers) and unfilled vacancies (000s). All ...lly adjusted.

Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
103.2	105.2	111	103.3	216.4	1,330	na
101.9	103.0	105	102.5	222.0	1,330	163
102.7	103.7	108	104.3	234.2	1,418	151
101.7	102.6		104.4	239.4	1,431	157
101.5	102.4	106	102.7	234.2	1,423	153
101.4	101.9	99	103.1	236.3	1,433	156
102.3	103.4		106.9	246.0	1,428	163
102.9	103.0		104.9	214.0	1,419	180
			106.5		1,409	187
					1,400	196

...T—By market sector: consumer goods, investment goods, ...diate goods (materials and fuels); engineering output, ...manufacture, textiles, leather and clothing (1970=100); ...starts (000s, monthly average).

Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
115.8	99.5	106.0	100.5	83.9	104.4	19.9
113.3	97.9	105.1	99.0	80.5	99.9	22.4
115.2	98.2	104.7	99.7	83.3	100.7	24.4
115.9	97.8	101.2	99.1	74.8	100.1	20.6
115.0	98.0	105.0	99.0	85.0	101.0	28.2
116.0	98.0	101.0	99.0	75.0	101.0	24.7
115.0	97.0	101.0	99.0	70.0	98.0	21.2
117.0	98.0	102.0	100.0	79.0	101.0	15.9
116.0	98.0	104.0	99.0	75.0	101.0	17.8

...NAL TRADE—Indices of export and import volume ...00); visible balance; current balance; oil balance; terms ...(1975=100); exchange reserves.

Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
115.7	109.1	−947	−505	−800	99.0	10.5
118.0	109.8	−764	−364	−745	100.3	14.9
124.1	106.4	+ 54	+483	−602	101.0	13.4
117.9	102.6	+ 45	+351	−657	102.4	20.39
125.9	107.5	+ 55	+198	−207	101.7	17.17
119.4	101.3	+ 53	+155	−228	101.7	20.21
115.3	98.4	+ 68	+170	−154	102.4	20.39
118.9	108.1	− 76	+ 26	−275	103.1	20.56
112.6	114.4	−334	−234	−236	105.4	20.87
128.7	110.6	+ 84	+184	−202	104.7	20.7

...IAL—Money supply M1 and sterling M3, bank advances ...ng to the private sector (three months' growth at annual ...; domestic credit expansion (£m.); building societies' net ... HP, new credit; all seasonally adjusted. Minimum ...rate (end period).

M1 %	M3 %	Bank advances %	DCE £m.	BS inflow	HP lending	MLR %
1.2	− 8.8	5.8	−1,857	492	1,008	10½
22.7	15.3	5.6	2,040	1,290	1,049	8
36.7	14.9	20.3	−473	1,084	1,151	7
21.3	14.1	8.3	247	1,565	1,184	7
36.7	14.9	20.3	122	462	388	6
35.6	17.0	4.9	336	590	371	5
41.5	19.5	6.1	297	554	402	7
21.3	14.1	8.3	107	421	411	7
24.4	16.5	13.4	354	388	425	6½
21.8	18.5	18.0	412	353		6½

...ION—Indices of earnings (Jan. 1976=100), basic ...s and fuels, wholesale prices of manufactured products ...00); retail prices and food prices (1974=100); FT ...ity index (July 1952=100); trade weighted value of ... (Dec. 1971=100).

Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
112.5	341.5	248.0	174.1	184.7	276.4	61.8
114.5	347.7	259.2	181.9	191.1	250.0	61.6
116.1	340.5	267.4	184.7	192.1	239.9	61.8
119.9	330.6	272.1	187.4	193.3	234.20	63.3
116.6	338.1	269.2	185.7	193.5	241.6	62.4
117.9	333.8	271.0	186.5	192.3	236.38	62.5
120.1	329.9	272.0	187.4	192.9	238.34	63.8
121.7	328.0	273.3	188.4	194.8	234.20	63.3
121.3	324.9	277.0	189.5	196.1	226.41	66.0
	323.3	279.2	190.6	197.3	224.86	65.2

* Not seasonally adjusted.

Life with Simon

BY MARGARET MAWER

In a Summer Garment: the experience of an autistic child by Ann Lovell. Secker and Warburg. £3.90. 145 pages

Some Mothers I Know: living with Handicapped Children by Tom Wakefield. Routledge and Kegan Paul, £3.95. 93 pages

Ann Lovell has written a personal and deeply moving story about Simon, the first of her three children, from his birth in 1962 until the present day. A fourth child, David, of mixed race, was adopted. Simon, a much-wanted and beautiful baby, was a source of joy to his parents and in the early months of his life his progress appeared normal.

So compellingly does Ann Lovell write, that we share her first flickers of doubt about Simon's development — the fact that he was slow to sit up, did not crawl and, more significant, his indifference to people and the world about him. She describes him as "stand-offish," an unusual quality in a baby. But the staff at the Infant Welfare Clinic were reassuring — just a slow developer, was the view.

As Simon grew into the toddler stage, the unevenness of his development became more marked. He used a few key nouns and at the age of two could sing French nursery rhymes and showed a great love of music. But he was also developing irrational fears, expressed in severe tantrums. His level of comprehension was low and communication virtually impossible.

The signs of childhood autism were there, but so little is known by the professions, much less the public, that the appropriate diagnosis was not made until Simon was four years old and then only because his highly articulate mother *demanded* an opinion. Many parents of the estimated 4,000-6,000 autistic children in this country will have had similar experiences. Many will share Ann Lovell's feeling that there would be greater public understanding and tolerance of their bizarre behaviour if only the children *looked* handicapped instead of possessing rare physical beauty, as is so often the case.

It is significant that the Department of Education and Science does not regard autism as a separate handicap and the children are grouped with other mentally handicapped children. Consequently the special schools for their education have been set up on the initiative of parents themselves through the National Society for Autistic Children, which was formed in 1962.

Ann Lovell invites us to join Simon's journey through childhood into adolescence as a loved and loving member of the family. Her pain is evident, but so too is the joy Simon brought and the family pride in his musical and artistic gifts and his skill at horse-riding. The story is told without self-pity, even though she had to bear the burden alone after the breakdown of her marriage.

In a Summer Garment will help laymen and professionals alike to understand something of the nature of autism and the need for better educational and diagnostic services. The appendix by Dr. Lorna Wing gives a clear and helpful description of the abnormal behaviour characteristics which may lead to a diagnosis of early childhood autism.

In *Some Mothers I Know*, Tom Wakefield introduces four mothers of handicapped children and through their tape-recorded conversations reveals their attitudes to handicap, the effect on their families, the pressures they face and the services provided by statutory authorities. May Hudson's son has epilepsy; Babs Wilson's son has a spinal curvature and is ESN; Rose Seward's son is autistic and Margaret Gates's daughter is schizophrenic. Tom Wakefield, who knows them all well, helps them to unlock their memories, both painful and happy. They describe their family relationships, the births of their babies, learning about the handicap, their fears and hopes.

What emerges in this short book is the courage and determination of the four mothers, who all seem to possess a kind of jaunty humour (unless this is attributable to Tom Wakefield's style), and who are remarkably free from self-pity and anger.

SF

Voyages out in space

BY RAY LARSEN

Gateway by Frederik Pohl. Gollancz. £3.95, 313 pages.

Pohl is one of those veterans whose work first appeared in pre-war science fiction magazines. Over the years his unflagging stream of ideas has been accompanied by a powerful narrative style that is all too rare in this field.

Gateway is a giant asteroid which is found to contain hundreds of spaceships left behind by an alien race. The snag is that the technology is so advanced as to be incomprehensible. Men can set out in the ships but cannot navigate them.

So it becomes a deadly lottery. Choose the right ship and you could discover vast wealth. Pick the wrong one and you could be incinerated in a super-nova. Pohl's scenarios are convincing. The squalid and cramped conditions on his space ships are more like 18th century sailing vessels than the travelling hotels generally described in space novels. One is left with the uneasy feeling that things could turn out just as he describes them.

Capricorn Games by Robert Silverberg. Gollancz, £4.25. 180 pages

A typical selection from this prolific and quirky writer. The stories are exotic, almost surrealistic, with an undercurrent of menace never far below the surface.

"Breckenridge and the Continuum" is one of the most impressive offerings in the present collection. A prosaic New York stockbroker finds himself caught up in the eddies of a mysterious time-storm. One moment he is discussing the Dow Jones average and the next he finds himself wandering with strange companions under an alien sky. As usual, Silverberg does not tie up the ends. He leaves the reader to ponder the enigma for himself.

Other pieces hardly qualify as science fiction. In fact, one is a thinly disguised essay on the nature of the genre. But he is never dull. His description of science fiction as "dynamic schizophrenia" seems as good as any coined so far.

Last Orders by Brian Aldiss. Cape, £3.95, 223 pages

The most successful stories are set on the Zodiacal Planets, that weird Aldiss region where dream and reality intermingle. Prediction has become an exact science and religion is based on the belief that the afterlife begins at the moment of birth.

A whacky vein of humour runs through most pieces. One intrepid character is engaged in producing a musical from Wittgenstein's *Tractatus Logico-Philosophicus*!

But traditionalists will shake their heads at the plotless pieces which reflect Aldiss's obsession with the so-called "new wave" of science fiction. Disjointed items of information are thrown together and the reader is left to make what he will of them. All too often the result is sheer banality.

Heat by Arthur Herzog. Heinemann. £4.50. 251 pages

This is the latest in the current spate of disaster novels from the United States. It follows the well-tried formula but is none the worse for that.

This time the world climate is the villain. Once again we find the hero-scientist prophesying disaster only to have his warnings brushed aside by a complacent establishment.

Energy consumption has risen at such a pace that a runaway greenhouse effect is sparked off by industrial pollution. Only when temperatures rise to 120 degrees and 12,000 die in New York hurricanes does the President wake up to the danger. Herzog's somewhat improbable solution is the construction of vast satellites to conduct the heat away from earth.

Realistic scientific and technological detail is an essential ingredient of any good disaster novel. In this case it is impeccable. But do we really have to be given the formula O/A=KeT4 in order to understand that heat affects surface temperatures?

If the Stars are Gods by Gregory Benford and Gordon Eklund. Gollancz, £3.95. 214 pages

A simplistic tale of man's conquest of space from Mars and Jupiter to the discovery of a strange new life form on Titan. The authors have obviously been influenced by Arthur C. Clarke's *2001* but completely lack his intellectual and philosophical weight.

Dying of the Light by George R. R. Martin. Gollancz. £4.95. 365 pages

The first novel by an author who has made a name for himself in the pages of Analog, the leading U.S. science fiction magazine. A lengthy epic of barbaric blood feuds on Worlorn, a twilit world drifting off into interstellar space. It seems to be aimed at followers of the fantasy cult rather than hard core SF addicts.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Down on fears of wage-price curbs

BY OUR WALL STREET CORRESPONDENT

NEW YORK, March 22.

STOCK PRICES continued yesterday's slide in light trading amid trader concern about new talk of wage and price controls.

By 1 p.m., however, there were signs of a revival, as earlier, losses were cut back slightly.

The Dow Jones Industrial Average was down 3.03 at 11 a.m., but by 1 p.m. this loss had been cut to one of 2.51 at 760.31. The NYSE All Common index was off 7 cents at $49.98 after being 10 cents lower at 11 a.m.

Closing prices and market reports were not available for this edition.

Volume totalled 14.42m. shares, compared with 17.34m. shares at 1 p.m. yesterday.

Parker Drilling, number one active on the Big Board, dropped two points to $45¾. Alcoa was down $½ at $40¼, while Pan-Am picked up $⅛ to $5¼. IBM rose $1¼ to $240½. Honeywell 1¼ to $46½ and Du Pont $⅞ to $102½.

Dow Chemical eased $⅛ to $23⅞, but Gulf Oil gained $⅛ to $23⅞.

Sears, delayed on the Big Board, was indicated at $21½ to $22¼ ($22⅞ previously). The company reported a drop in its fourth quarter earnings yesterday.

R. L. Burns dropped $1¼ to $7⅞.

Prices were lower on the AMERICAN SE. The index was off 0.12 at 127.. by 1 p.m. Volume was 1.46m. shares (1.62m.).

Lehigh Press jumped $1⅛ to $8⅞ in busy trading, while Shenandoah Oil, also active, rose $1⅝ to $29.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Sears Roebuck	579,500	22½	−1⅛
RCA Corp.	239,200	24	−1⅛
Teleprompter Corp.	200,700	10⅞	+⅛
Lucky Stores Inc.	190,800	14	−⅛
Santa Fe Intl. Corp.	190,600	24½	+⅞
Minnesota Mg. Mf.	189,600	44⅞	−1⅛
Atlantic Richfield	[illegible]	[illegible]	−1⅞
Chris. Craft Inds.	[illegible]	[illegible]	+⅛
Citicorp	[illegible]	[illegible]	—
Exxon Corp.	[illegible]	[illegible]	−⅛
Carrier Corp.	[illegible]	[illegible]	+⅛
General Pub. Utils.	[illegible]	[illegible]	+⅛

OTHER MARKETS

Canada lower

Prices declined in early trading on Canadian stock markets yesterday. By noon the Toronto stock exchange index was off 2.6 at 1,042.9 and the Montreal Composite 0.17 lower at 178.77.

Golds put on 35.6 to 1,289.0. Utilities, up 0.19 at 163.73, were the only other sector to gain against the trend.

GSW "A" fell $C2⅞ to $C5⅜ and GSW "B" lost $C2⅜ to $C3⅛. The shares were trading ex-dividend.

PARIS — Easier in trading which, while quite active, was less so than in the last few days.

This easier tone may have been due to investor hesitancy ahead of President Giscard d'Estaing's televised speech last night or fears about the cost of election promises.

Stores, Oils and Chemicals were the only sectors to resist the trend.

BRUSSELS—Mixed in quiet trading. Asturienne, SocfinP, Solvay, Tessenderloo and CBR rose, while EBES, Electrobel, Clabecq and Acec all fell.

UCB dropped B.Frs.26 to 910, but Arbed was unchanged at B.Frs.2,200.

Petrofina fell B.Frs.45 to 3,850.

AMSTERDAM—Lower in thin trading, led by Hoogovens, off 50 cents at Fls.24.10, and Akzo, down 30 cents to Fls.22.20, in Dutch Internationals.

Among big losers elsewhere, KLM lost Fls.1.30 to Fls.126.50 and Heineken Fls.1.20 to Fls.100.30 while KNSM, NedLloyd and VMF-Stork also fell.

AMEV, Pakhoed and Bijenkorf were among shares which advanced against the trend.

SWITZERLAND—Slightly lower in restricted activity, affected by Wall Street's weakness and the approaching Easter holiday.

Both Swissair stocks eased on profit-taking after their recent strong advance.

In generally easier Banks, Credit Suisse advanced Sw.Frs.15 to 2,345.

Weaker spots among Financials included Forbo "A," Interfood "B" —down Sw.Frs.35 at 3,475—and Landis Registered.

GERMANY—Mainly slightly lower in very quiet trading ahead of the Easter holiday.

AEG stood out in Electricals with a gain of DM1.50 to DM80.

Leading stocks to lose ground included Deutsche Bank, which fell DM2.40 to DM305, VW, off DM1.50 at DM212.80, and Mercedes, down DM1.

COPENHAGEN—Stocks ended the week with a generally higher trend. Dealings were moderate. Banks were mixed. Insurances unchanged and Commodities, Industrials, Shippings and Communications higher.

OSLO—Banking and Industrials quiet, Insurances and Shipping easier.

VIENNA — Generally slightly higher, with buying interest highly selective. Veitscher Magnesit met strong demand, closing 7 points higher at Sch.240. Other firm spots included Union Baumaterialien, Steyr—up Sch.3 at 184—Reininghaus and Treibacher.

MADRID—The general index rose 0.55 to close the week's trading at 88.51. Banesto and Popular gained 5 and 6 points to 212 and 203 respectively.

MILAN—Irregularly lower in very quiet trading.

Fiat, up L10 to 2,000, both Olivetti and Pirelli Spa made rare gains in lower Industrials. Mediobanca unchanged in Banks while Assicurazioni Generali lost ground in Insurances.

JOHANNESBURG—Golds were firmer, following initial New York interest and higher bullion indications.

Trading was quiet, with selected shares easing slightly towards the close.

De Beers gained 3 cents to R5.70 after R5.75 earlier ahead of dividend.

TOKYO—Slightly higher, led by export-orientated shares and speculative issues.

Cameras, Cars and Electricals all recovered after a pause in the Yen's appreciation in Tokyo. Petroleums eased.

Volume on the first market totalled 250m. shares, with advancing issues outpacing declining ones 342 to 315.

HONG KONG—Firmer across the board in very active trading, after absorbing some profit-taking around mid-day.

Volume totalled $HK69.93 ($HK75.97).

AUSTRALIA—Uranium stocks received a minor boost. Pancontinental closing 60 cents up at $A9.50 and Queensland Mines 10 cents higher at $A1.70.

BHP eased 4 cents to $A5.60 during early trading, but recovered to close unchanged at $A5.64.

Finance groups were mainly steady and Banks improved, the Wales moving up 2 cents to $A5.10.

In Mines, Utah rose a cent to $A3.06 and Hamersley 2 cents to $A1.94, but Western Mining lost a cent to $A1.20.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ◊ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. ¢ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. % h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. w Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

Indices

N.Y.S.E. ALL COMMON

Mar. 21	Mar. 20	Mar. 17	Mar. 16	1977/78 High	1977/78 Low
50.05	50.57	50.25	49.87	57.07 (4/1/77)	48.37 (6/3/78)

Rises and Falls

	Mar. 21	Mar. 20	Mar. 17
Issues traded	1,864	1,867	1,806
Rises	479	1,003	971
Falls	939	468	438
Unchanged	446	396	397
New Highs	—	88	76
New Lows	—	15	13

NEW YORK — DOW JONES

STANDARD AND POORS

MONTREAL

TORONTO

JOHANNESBURG

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—98½% (98¼%)
Effective rate at (1.8980) 44¼% (44⅛%)

NEW YORK

CANADA

GERMANY

TOKYO

Source: Nikko Securities, Tokyo.

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND

COPENHAGEN

STOCKHOLM

MILAN

VIENNA

SPAIN

Securities Rand $U.S.0.79½ (Discount of 31.3%)

Dollar easier

Trading was very quiet in the foreign exchange market yesterday ahead of the long Easter week-end. An erroneous rumour about the assassination of President Sadat of Egypt hit the dollar in late trading however, and although the rumour was quickly proved to be false the U.S. currency never quite recovered from this setback.

The dollar touched a best level of Sw.Frs.1.9380 in the early afternoon, but fell to Sw.Frs. 1.9150, before closing at Sw.Frs. 1.9175, compared with Sw.Frs. 1.9387½ on Tuesday. Movements against the D-mark and Japanese yen were narrower, with the dollar finishing at DM2.0420, compared with DM2.0475 previously, and at Y230.20, compared with Y231.10.

The dollar's trade-weighted index on the basis of the Washington Currency Agreement of December 1971, as calculated by the Bank of England, fell to 89.9 from 90.

European central banks may have intervened on a small scale to help the dollar.

Sterling's trade-weighted index, on Bank of England figures, fell to 63.8 from 63.9, after standing at 63.8 at noon and in early trading.

The pound opened at $1.8975-1.8985 in terms of the dollar, and fell to a low point of $1.8960-1.8970. In the afternoon it touched a high point of $1.9000-1.9010 on the weakness of the dollar, but declined again to $1.8975-1.8985, a rise of 10 points on the day.

Gold rose $3 to $180-180⅜, showing a steady improvement from opening levels. The krugerrand's premium over its gold content widened to 3.67 per cent. from 3.17 per cent. for domestic delivery, and to 3.26 per cent. from 3.03 per cent. in the international market.

CURRENCY RATES

	Special Drawing Rights March 21	European Unit of Account March 21
Sterling	0.647074	0.657995
U.S. dollar	1.22847	1.24869
Canadian	1.38189	1.40445
Austria sch	18.1138	18.3929
Belgian franc	39.1575	39.8081
Danish krone	6.91521	7.03735
Deutschem'rk	2.51431	2.55748
Dutch guilder	2.69974	2.73462
French franc	5.73757	5.85109
Italian lira	1051.82	1069.12
Japanese yen	—	288.106
Norway krone	6.58153	6.70406
Spain peseta	98.2371	99.7547
Swedish krone	5.66877	5.76575
Swiss franc	2.37709	2.41782

EXCHANGE CROSS-RATES

Mar. 22	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0445-60	43.66-85	6.427-432	3.877-887	93.40-50	106.05
New York	48.92-95	—	21.36-44	3.1420-30	1.9000-9015	46.65-70	51.75-83
Paris	228.64-9.14	4.6701-682	—	14.659-723	8.862-882	213.7-4.2	242.55-3.05
Brussels	14.52-57	31.77-82	6.79-82	—	60.25-42	14.52-57	16.47-53
London	3.871-881	1.8976-85	8.75-86	60.35-45	—	4.141-154	3.631-641
Amst'dam	106.95-7.00	2.1842-52	46.76-80	6.8685-8745	4.1450-1605	—	113.41-44
Zurich	94.152-258	1.925-927	41.131-941	6.0497-0597	3.6519-6365	87.839-8.112	—

U.S. $ in Toronto U.S. $ = 112.40-65 Canadian cents. Canadian $ in New York = 88.75-79 cents. U.S. $ in Milan 855.50-55.60. Sterling in Milan 1,623.15-1,624.33. Rates for March 21 only.

EURO-CURRENCY INTEREST RATES*

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

هكذا من الأصل

FARMING AND RAW MATERIALS

Tea ruling too late for sales

By Our Commodities Editor

A STATEMENT by Mr. Roy Hattersley, Prices Secretary, that he had dropped plans to impose a maximum retail price for tea came just too late to "save" the London tea auctions yesterday.

The auctions, which had been postponed from the normal Monday date in hopes that Mr. Hattersley would make a statement in time, were again boycotted by U.K. blenders and no prices were issued because of insufficient buying interest.

Because of the Easter holiday the next London tea auction will be delayed until April 3.

U.K. blenders have refused to buy at the auctions for three weeks in succession arguing they could not afford to take in new stocks when they did not know what price they would be able to sell the finished product.

Now the blenders are hopeful that retailers will start buying again and that there will be a return to more normal trading conditions. However, it is felt that the disruption to the trade and the harm done to the image of the London auctions will take some time to rectify.

The Department of Prices claimed that a statutory order to reduce tea prices was no longer necessary since retail prices had come down to the target level of around 22p a quarter pound in supermarkets and multiple shops. It is expected prices will be further reduced when retailers have used up stocks bought at higher prices previously.

Cocoa price rises further

By Our Commodities Staff

THIS WEEK'S recovery in cocoa futures values continued yesterday when the May position on the London market closed £51.5 higher at £1,858 a tonne. Earlier May cocoa climbed to £1,870 a tonne in response to reports of Nigerian shipment problems.

The rise was also encouraged by news of an unexpectedly sharp 13.9 per cent. rise in U.S. January confectionery sales against the same month in 1976.

Further upward pressure was provided by a cut in arrivals of Brazilian Bahia cocoa last week. The total was 22,745 bags compared with 36,809 bags in the previous week.

Traders said all these factors contributed to a new wave of speculative covering against earlier "short" sales but that the market was trimmed back from the highs by profit-taking.

Farmers promised £4m. to pay for winter damage

BY CHRISTOPHER PARKES

THE GOVERNMENT yesterday promised £4m. towards the cost of patching up the damage suffered by British farmers during the winter. But the aid will not cover losses of livestock. Most will go on rebuilding fences, roads, buildings, river banks and field drains.

Farmers who lost animals will be helped from a fund to be set up by the National Farmers' Unions and paid for by contributions from the farming industry.

Mr. John Silkin, Minister of Agriculture, said some of the £1m. assistance already offered by the EEC Commission would be paid into this farmers' fund to help replace animals killed by snow or floods.

According to provisional figures released by the Ministry of Agriculture, 37,000 breeding sheep, 400 pigs and almost 800 cattle are known to have died this winter. Officials of the Scottish National Farmers' Union admitted that losses did not appear to be as serious as was believed earlier.

Worst hit areas were the South West, where more than 20,000 animal deaths have been reported, and Scotland, where 15,000 sheep have died.

There appear to be no plans to compensate farmers who were forced to pour away milk when snowdrifts hampered the Milk Marketing Boards' daily collection services.

Mr. John Silkin

After assessing losses at a meeting this week, the MMB decided to adhere to its usual practice of not paying for milk lost as a direct result of natural of natural calamities.

Although Parliamentary blessing has yet to be given to the proposed £4m. hand-outs, Mr. Silkin said yesterday farmers could rest assured that the money would come and that they could start rebuilding as soon as they chose. But, he stressed that the special aid would be paid only for rebuilding or reconditioning buildings seriously damaged by the winter.

To ensure that there were no misunderstandings about the amount of assistance farmers might expect, the Minister warned them to start work only after consulting the Ministry ADAS advisory services.

"We are not giving a Rolls Royce where the farmer had a Mini before," Mr. Silkin said.

The Government has already paid the bill for delivering animal feed by helicopter to farms cut off by snow and guaranteed to pay half the cost of restoring land in the South East damaged by seawater floods.

The extra £4m. will be paid out similarly. Special grants will cover 60 per cent. of the cost of replacing or "reconditioning" buildings and glasshouses compared with 20-40 per cent. paid under normal grant schemes.

Grants of 50 per cent. in the lowlands and 70 per cent. in the hills will help rebuild fences, roads and river banks compared with 20-50 per cent. at present. In Scotland grants towards arterial drainage works will run up to 85 per cent. of the total compared with a maximum of 70 per cent. under normal conditions.

EEC sheepmeat plan unveiled

BY GUY DE JONQUIERES

BRUSSELS, March 22.

THE EUROPEAN Commission to-day unveiled the main elements of its long-awaited proposals for a common sheepmeat policy. It would involve the setting of an EEC base price—likely to be significantly higher than current prices on the British market—and a system of selective deficiency payments.

It is also envisaged that a limit should be placed on spending on the policy. Though the proposed amount has not yet been disclosed, it should be relatively modest by EEC standards because the Commission does not plan to extend the controversial system of monetary compensatory amounts to trade in mutton and lamb.

On the external side, the Commission proposes replacing the current *ad valorem* tariff by a variable levy which would not exceed the present 20 per cent. tariff rate. But it suggests that there would be no point in making the change until world sheepmeat prices recovered to at least 80 per cent. of the planned EEC base price.

The proposals also provide for a safeguard clause allowing the EEC to impose import restrictions in the event of actual or threatened disruption of the market. This is a standard feature of EEC agricultural policies, and it is likely to cause concern to New Zealand, which exported more than 220,000 tonnes of sheepmeat to the Community in 1976, the great bulk of it to the U.K.

Established

No specific level has been proposed for the base price, which would be fixed by the Council of Ministers in the light of price movements once free intra-community trade in sheep meat was established. But the Commission has suggested that it could be set at about the same level as the average community market price.

Last year this was just over two units of account a kilo. The market prices were 1.43 ua a kilo in Britain, 2.69 ua in France and 1.56 ua in Ireland.

As for other products in which the EEC is some way from self-sufficiency, no community intervention mechanism is envisaged for sheep meat, though private storage premiums would be made available if market prices fell below 90 per cent. of the base price.

The commission proposes that income subsidies, effectively deficiency payments, should be made available on a limited basis to producers who suffer losses as a direct result of the introduction of the new policy.

This would probably mean that most of the payments would go to producers in France, where prices could be expected to fall, rather than in Britain and Ireland, where the new policy should produce an increase in market price levels.

The size of the payments has yet to be decided. It is understood that the Commission plans to submit several alternative mechanisms to the Council of Ministers, including a proposal that the payments should be made on a regional basis.

Strong rise in copper market

By John Edwards

COPPER prices advanced strongly on the London Metal Exchange yesterday, bolstered by a variety of bullish rumours, including the alleged assassination of President Sadat. Cash wirebars climbed £13.5 to close at £666 a tonne in very active trading conditions.

Increased buying interest, from one influential dealer in particular, was attributed to rumours that Zambia would soon announce a cut in deliveries under its supply contracts because of transport problems. It is thought April shipments might have to be cut by as much as 25 per cent.

Also boosting the market was the news that the U.S. Senate armed services sub-committee would start voting to-day on proposals for a stockpile release programme which would involve buying copper from funds generated by sales of surplus tin.

Tin prices were held steady by a rise in the Penang market overnight and the general upward trend in other metals. Cash tin closed only £5 up, however, at £5,782.5 a tonne.

Lead and zinc prices followed the upward move in copper. A further boost to zinc was the announcement by another major European zinc producer, Royale Asturienne, that it is planning to cut output by 80,000 tonnes a year at its Auby plant in northern France. On Tuesday Vielle Montagne announced a cutback of 30,000 tonnes.

Malaysian tin output

By Wong Sulong

KUALA LUMPUR, March 22.

MALAYSIA'S tin production for January rose substantially compared with December last year. Mining Department statistics show output of tin concentrates was 7,330 tonnes compared with 6,047 tonnes for December, 1976.

Malaysian tin production fell 9.5 per cent. for the whole of last year to a 15-year low of 57,380 tonnes.

Malaysia officials confirmed that tin producing countries would meet early next month in Britain to discuss the proposed release of 45,000 tonnes of tin from the U.S. stockpile. Malaysia has said it hopes such releases will be made after consultation with the International Tin Council. Bolivia has protested strongly against the release.

VERONA SHOW

Agriculture in the Italian style

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AS AN alternative to the Paris Show this year I spent a couple of days last week in Italy visiting the main Italian agricultural show at Verona and farms in the vicinity.

The show, or Feria as it is called, is machinery apart, quite unlike those to be seen in Britain or France. There are no competitive classes for the livestock. Those on exhibition were largely commercial store cattle imported from several neighbouring countries, shown with very few of the finer points of presentation. Most of them had not even been cleaned or brushed.

I only found one small bunch of the Chiannina native breed; the others were variants of the Brown Suisse, found in all the Alpine regions of central Europe, and the Simmental.

Italian dairy farming is largely made up of a multiplicity of small farms with the average herd size about 5.4 head. Yet there are some very big herds, and the percentag of cows in herds of more than 50 head at 20.8 per cent. is the highest in Europe apart from the Netherlands and the U.K.

The dairy herd has been heavily influenced by the Friesian, originally from Holland but now more and more dependent on Canadian and American Holstein blood. The Holstein which, of course, derived from the Friesian, has been bred in North America to produce milk on large quantities of high quality fodder and grain, and depends very little on grass for production.

This characteristic suits the land and climate of Italy, particularly in the north. With irrigation heavy crops can be grown there and either preserved as silage or hay and carted to the cattle which never leave the yards and buildings, just as in the U.S.

On previous visits to this region I had invariably been taken to farms belonging to counts or princes. On this occasion the dairy farm visited belonged to a gentleman in the chemical industry who was vague as to how profitable it was.

The herd was based on importation from Canada; the animals looked well and were housed in modern buildings. The annual yield was claimed to be about 1,350 gallons a head and the milk price at the time of my visit worked out at 67p a gallon.

When I suggested that British dairy farmers would be very happy at such prices the owners said that things were often difficult. Last year he said milk from Germany was flooding the market, turning the Brenner Pass into a river of milk.

This flood had been turned off by the weakness of the lire and the strength of the German mark. Costs, he implied were very heavy and he had to "give away" his calves at £100 apiece if they were bulls. His heifers when sold calving, surplus to requirements, made about £900. Both about double British prices.

A beef enterprise visited seemed to be, at any rate, much more practical. It was based on the importation of calves from central France and rearing them for final sale on a very highly concentrated diet. It had been set up by 13 local farmers on a co-operative basis.

The cattle, 2,000 of them, all bulls, were housed on a central site and each co-operator guaranteed to provide a certain quantity of silage and other feed. The capital was raised on the security of each of the member's land.

Some of the money had been borrowed at 1 per cent. interest over 20 or 30 years, but the latest buildings had cost the borrowers between 4 and 4½ per cent. over the same period. These rates are subsidised by the Italian Government; there is also a 20 per cent. EEC subsidy.

This beef farm is a member of a very large co-operative which is involved with the purchase of the calves and in some cases with the sale of fatstock. The consultant veterinary surgeon in charge of the animal's health said that in all he was responsible for 75,000 cattle. If what I was shown was any guide, the standard of stockmanship is of a high order. I do not think I have seen so many good cattle together for a long time.

It is a high-cost enterprise. The best calves for the purpose are Charolais, then Charolais crossed with Simmental and other beef breeds. They are expensive, costing about L400,000 (£240) a head delivered at about three weeks old.

After weaning off milk they are fed on a very high concentrated ration until they are adjudged fit to market, at about 15 months weighing 700 to 800 kilos alive and making at the moment £700 to £900 a piece with the Charolais at the upper end.

Production of these cattle—bulls—is peculiar to Italy and can only be kept going by the importation of up to a million young cattle and calves from the rest of Western Europe. It is some sort of a commentary on the Italian order of priorities that in spite of allegedly being the poorest country in the Community it produces and consumes the most expensive beef.

Wheat pact likely to be extended

BY GROG SMOSARSKI

GENEVA, March 22.

A SPECIAL meeting of the International Wheat Council here to-morrow is expected to extend the present agreement as a temporary measure. The UNCTAD conference negotiating a new wheat agreement will probably be reconvened in the autumn according to delegates at the talks.

Although the conference, which has lasted for six weeks, has not produced a new agreement, many delegates feel it has been useful in clearing up a number of issues.

But the U.S. is still said to be opposed to maximum and minimum prices and supply commitments. The EEC and others maintain that a commitment by exporters not to charge more than the maximum, and importers not to pay less than the minimum can reduce the size of the necessary buffer stock, and keep down the cost.

The size of the nationally held, internationally co-ordinated stocks is a further area of disagreement, with figures between 10m. tons and 35m. tons having been suggested.

Reuter reports from Winnipeg that Canada is considering a plan to sell wheat internationally on a higher protein-guaranteed basis to compete more effectively with the U.S. and other producing countries for overseas markets.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Very firm in active trading on the London Metal Exchange. Forward metal rose from an opening £682 on the market to a high of £693 in the Rings ... strong buying throughout the ... by one influential source ... including talk of producer price ... which also influenced the sharp rise. In the late inter-office trading forward metal moved further ahead and the price was quoted around £687. Turnover 22,825 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £671, 71.5, 72, 72.5, 73, 73.5, 74, 74.5. Cathodes, cash £651, three ...

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5845-50	+75	5780-5	+5
3 months	5835-60	+70	5775-85	+1.5
Settlem't	5850	+75	—	.....
Standard				
Cash	5845-50	+75	5780-5	+5

... on the pre-market. However, these levels met resistance and profit-taking lowered the price to £5,880 in the afternoon. Towards the close the price weakened further and was finally £5,780 on the late kerb. Turnover 1,495 tonnes.

LEAD ...

ZINC ...

SILVER

COFFEE

Arabicas 184.00 (183.00); unwashed Arabicas 161.25 (165.00); other mild Arabicas 172.94 (172.97); Robustas 155.50 (184.00). Daily average 164.24 (163.74).

LONDON ARABICAS were quietly firm with interest centred on the two nearby positions. Drexel Burnham Lambert reports. Values at the close were $3.00 on the day.

COCOA

GRAINS

RUBBER

SOYABEAN MEAL

SUGAR

WOOL FUTURES

MEAT/VEGETABLES

JUTE

Delicious 8.50-9.00; Oregon: Newtowns 7.50; Hungarian: Red Delicious 5.60-6.00; S. African: Dunn's 7.20, Jonathan 7.60-8.00; Danish: Spartans per pound 0.09-0.10. Pears—S. African: Beurre Hardy 5.20, Williams Bon Chretien 6.20; Italian: Passacrassane Trays 13/14-lb 1.60-1.70; Dutch: Conference per pound 0.14; Chilean: Anjou 7.40, Packham's 7.30 ...

GRIMSBY FISH—Supply moderate and demand good. (Prices a stone at ship's side unprocessed): Shelf cod £3.00-£6.00, codlings £3.30-£4.00, large haddock £6.00-£6.40, medium haddock £5.00-£5.80, small haddock £3.00-£3.50, large plaice £4.50, medium plaice £4.00, best small plaice £3.50-£4.10, skinned dogfish (medium) £11.00, saithe £2.40-£2.80.

★

PALM OIL, London. Closing. March unquoted, April 320.00-30.00, May 300.00-30.00, June 300.00-30.00, July 300.00-30.00, Aug. 300.00-30.00, Sept. 290.00-330.00, Oct. 290.00-330.00, Dec. 280.00-330.00. Sales: Nil.

Manganese ore cheaper

A PATTERN of lower manganese ore prices for this year is developing, with trade reports of a deal in West Germany at around $1.36 a tonne unit (22.04 lbs) cif, and another at around $1.39, reports Reuter. This business follows recent modest purchases by the British Steel Corporation from major producers at around $1.36.

Negotiations continue with other consumers but trade sources believe no business has yet been concluded in the U.S., Japan or elsewhere in Europe for this year's supplies.

Buyers are resisting prices being asked by the main suppliers of manganese ore, which include Australia, South Africa, Gabon and Brazil, due to the recession in the steel and alloys industry, traders said.

Consequently dealers indicate a narrower price range of $1.35 to $1.45 per tonne unit cif for 48 per cent. ferro grade ore, against $1.35 to $1.50 previously.

PRICE CHANGES

Prices per tonne unless otherwise stated.

INDICES

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

Soyabeans weak: coffee up

NEW YORK, March 21.

PRECIOUS metals closed slightly steadier in mixed short-covering following Monday's decline. Soyabeans and meal closed on a weak tone as early commercial selling attracted Commission House liquidation. Coffee closed limit-up on mixed buying on rumours of cold weather in Central America. Cocoa finished higher on light manufacture buying.

Cocoa—March 158.45 (156.35), May 151.70 (145.60), July 146.00, Sept. 142.70, Dec. 137.00, March 134.60, May 132.20, July 130.50. Sales: 645 lots.

Coffee—"C" Contract: March 181.00 (175.55), May 155.79 bid (151.79), July 138.90 bid, Sept. 133.50 bid, Dec. 122.00 bid, March 118.75 bid, May 115.75 bid, July 118.75. Sales: 605 lots.

Copper—March 57.50 (57.40), April 57.70 (57.60), May 58.20, July 59.20, Sept. 60.20, Dec. 61.70, Jan. 62.20, March 63.20, May 64.20, July 65.20, Sept. 66.20, Dec. 67.70, Jan. 68.20. Sales: 5,300 lots.

Cotton—No. 2: May 58.25-58.30 (58.50), July 59.50-59.70 (59.85), Oct. 60.00-61.00, Dec. 61.50-61.65, March 62.40-62.60, May 62.90-63.10, July 63.15-63.30. Sales: 385,000 bales.

*Gold—March 177.00 (175.60), April ...

CONTRACTS AND TENDERS

Democratic and Popular Republic of Algeria

Ministry for Industry and Energy
ENTREPRISE NATIONALE SONATRACH
Marketing Division
Departement Realisation Infrastructure
International Invitation to Tender No. 3/77

SONATRACH is launching an international invitation to tender for the Engineering Study, the supply of equipment, the construction and starting into operation in HASSI-MESSAOUD, of a residential complex in semi-traditional or prefabricated industrial building which will include:

- Administrative offices
- Socio-cultural installations
- Installations for sporting activities
- A unit of 200 individual rooms for supervisory personnel
- A unit of 1,200 individual rooms for other staff,
- Associated installations.

Interested companies may obtain the tender documents as from the publication date of the present announcement, against a payment of Dinars 200 (two hundred dinars) from:

SONATRACH — Division Commercialisation
Direction Réalisation Infrastructure
Route des Dunes—Base ALCIP—
CHERAG (Algiers) Algeria
Tel. 81.09.69 to 96
Telex: 52.808 — 52.292 — 52.293 — 52.969 — 52.779.

Tenders, together with the relevant usual references, should be sent by registered mail in double sealed envelopes to Entreprise Nationale SONATRACH, at the above-mentioned address, the inside envelope clearly addressed as follows:

"A NE PAS OUVRIR — SOUMISSION — A.O.I. no. 3/77"
not later than 31st May, 1978.

Tenderers remain bound by their quotations for a period of 120 days.

Tenders which will not respect the above-mentioned indications will not be taken into consideration.

STOCK EXCHANGE REPORT

Equity leaders drift lower but good rally in Golds

Share index down 3.7 at 462.6—Saga Holidays debut

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar. 13	Mar. 30	Mar. 31	Apr. 11
Apr. 3	Apr. 13	Apr. 14	Apr. 25
Apr. 17	Apr. 27	Apr. 28	May 10

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The absence of any follow through to the previous day's support which, although small, had produced marked firmness in equity markets allowed prices to drift lower yesterday. Thoughts were obviously turning to the Easter recess but the debut of Saga Holidays, the first newcomer to the market in six months, aroused a considerable trade and the price eventually attained 120p, a premium of 15 on the offer for sale price of 105p, which was *oversubscribed on application* twelve-fold.

There was little selling pressure on the leaders but occasional offerings caused values to drift back and the FT 30-share index closed at the day's lowest with a fall of 3.7 at 462.6. Overnight dullness on Wall Street contributed towards the subdued tone, while the annual results from Tubes, down 10 at 368p because the profits were only around the lower end of market expectations, also left its mark on sentiment. Otherwise, company trading statements generated selected good gains and a fair amount of interest.

Among the individual sectors, Banks were unsettled by news that the Nigerian Government had ordered the withdrawal of all public funds from Barclays Bank in Nigeria. The FT Actuaries index for the subsection fell 2.3 per cent. to 186.32, this comparing with a loss of only 0.1 per cent. to 205.00 in the All-share index. The general level of trade remained low, official markings of 5,826 again being swollen by sizeable bed and breakfast transactions.

Overnight demand on Wall Street and a recovery in the bullion price, prompted a strong rally in Gold shares after the recent setback on fears of U.S. Treasury sales of gold. Gains were often substantial and the Gold Mines index recovered 11.2 to 152.5.

Gilts quietly firm

A more detailed appraisal of the Government's intended use of North Sea oil revenues restored quotations for British Funds to the levels obtaining before release of the White Paper the previous evening. Despite a flagging interest ahead of the holiday recess, the shorter maturities met with a moderate demand but were prone to reactionary tendencies at various intervals during the day prior to settling near the best, showing gains to ⅛. Trade in the longer-dated stocks was even more subdued but the higher-coupon issues retained the opening rises of ¼, although these had initially been considered optimistic by the several operators taking a negative view of the market's short-term prospects in the approach to both the Easter holiday and next month's Budget. Corporations adhered closely to the main funds and established a smattering of gains, often of ¼, while Southern Rhodesian bonds generally marked time awaiting developments in the constitutional situation.

A routine morning business in investment currency gave way to increased activity from midday onwards and the premium regained a small early loss to trade briskly on well matched orders. As a result, the closing rate of 98½ per cent. was little changed on the overnight level. Yesterday's SE conversion factor was 0.6912 (0.6899).

Barclays down

The Nigerian Government's decision ordering the withdrawal of all public funds from Barclays Bank of Nigeria and a reduction in the number of foreign employees upset Barclays which fell 10 to 330p. Remaining clearers eased in sympathy and NatWest shed 8 to 270p, while Lloyds, 270p, and Midland, 348p, were respectively 5 and 4 easier.

Disappointed by the shipping losses which tarnished an otherwise record annual profits performance, C. T. Bowring lost 4 to 116p. Sedgwick Forbes, reflecting recent Press comment, rose 13 to 385p, while Alexander Howden were 5 to the good at 178p.

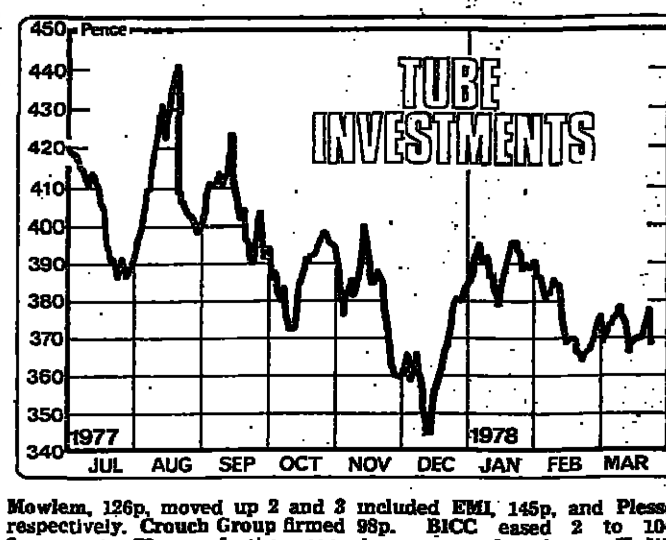
Breweries held close to the overnight levels. Allied finished unchanged at 91p, but A. Guinness hardened a penny to 174p and Whitbread "A" 1½ more to 88½p.

Buildings improved as interest was again directed towards Contracting and Construction issues. Richard Costain rose 4 more to 262p and Marchwiel 5 to 263p, while Redland, 141p, and J. Mowlem, 126p, moved up 2 and 3 respectively. Crouch Group firmed 2 more to 73p on further consideration of the stake acquired by Teape White Property and William Whittingham attracted small speculative business to close 2 better at 45p, after 48p. Elsewhere, French Kier, 32p, withstood news of fraud allegations involving motorway contracts.

In Chemicals, ICI moved between 357p and 360p before closing unaltered at 358p, while Thurgar Bardex rose 2 to 14½p reflecting the increased dividends and profits.

The Store majors, which had pushed forward the previous day on Budget optimism, ran out of steam and closed with modest falls in places. Gussies A relinquished 4 to 284p and Mothercare softened 2 to 156p, while Marks and Spencer eased the turn to 149p. Combined English, however, helped by Press mention, firmed 3 to 78p and House of Fraser were up a further 4 at 146p. Elsewhere, still reflecting recent favourable comment, Ladies Pride Outerwear put on a penny more at 55p.

The Electrical leaders turned dull late on sporadic selling. GEC, recently upset by an analyst's downgrading of profit projections, lost 3 to 247p, while similar falls included EMI, 145p, and Plessey, 98p. BICC eased 2 to 104p. Among secondary issues, H. Wigfall shaded 3 to 214p pending fresh bid developments.



Having already surrendered the previous day's gain of 8 in early dealings, Tubes were marked down further to 364p immediately after the preliminary profits, which came at the lower end of market estimates, before settling 10 down on the day at 368p. Other Engineering majors fared indifferently. GKN were 5 off at 277p but Hawker closed 4 to the good at 200p. Secondary issues turned in a firm performance. British Aluminium, almost entirely owned by Tubes, jumped 45 to 445p in reply to the nearly doubled annual profits and Bullough gained 10 to 142p in response to the proposed dividend-boosting rights issue. Aurora added 4 to 91p following an investment recommendation and, still reflecting its award of a £25m. rig contract, Matthew Hall firmed 5 more to 182p, after 184p. Despite the lower earnings, Molins hardened 2 to 112p assisted by the Board's optimistic remarks about current year prospects. Buyers showed interest in Percy Lane, which gained 7 to 59p and Pegler Hattersley, up 6 at 162p.

Among Foods, United Biscuit attracted interest and closed 4 better at 148p. Bejam closed 2½ harder at 60p on interim figures slightly better than market expectations, while continuing speculative interest took Robertson Foods up 2 further to 139p. FMC hardened 2 to 70p as did J. Lyons to 96p. Clifford's Dairies, however, finished a penny cheaper at 48p despite the proposed purchase of the County Dairies Group businesses.

Barrow Hepburn slump

Miscellaneous Industrial leaders turned reactionary in thin trading with the bulk of the falls taking place after hours. Closing quotations were, thus, the day's lowest, with Glaxo, at 527p, surrendering Tuesday's rise of 8 and Beecham reacting 6 to 627p. Turner and Newall shed 4 to 183p as did Rank Organisation to 250p. Secondary issues were featured by marked weakness in Barrow Hepburn which fell 12 to 34p, after a 1977-78 low of 31p, on the disclosure that serious irregularities have come to light regarding its recently-closed Glaswegian subsidiary, Schrader Mitchell and Weir which could involve possible losses of nearly £1m. and fraud charges. Monument Securities, a recent speculative favourite, cheapened a fraction to 9p after the interim results, but Thomas Tilling moved up 2 to 110p, after 111p, in response to better-than-expected preliminary results.

Rolls-Royce were again prominent in Motors, closing 3 better at 84p, after 85p, buying interest being stimulated by the capital proposals and dividend forecast contained in the annual report; the 8 per cent. Convertible unsecured loan finished 20 points higher at £98, after £105. Group Lotus continued firmly, rising 2 to 49p, but small selling left Dunlop a like amount easier at 81p. Lucas Industries, which report interim figures on March 30, fell 3 to 267p. Garages closed with widespread gains following Press comment. Heron were again noteworthy, improving 7 to 110p on continuing investment demand.

After having made a fresh 1977-78 peak of 200p, Mills and Allen International turned easier on light profit-taking to finish a penny off at 195p. Elsewhere in Paper/Printings, comment on the second-half downturn left Bemrose 3 down at 62p but J. and J. Makin, moved forward 2 to 72p in response to the doubled interim profits.

Leading Property issues passed a quiet session and closed little altered. Renewed speculative demand took Bellway up 4 more to 67p, while Property and Reversionary "A" also made headway, adding 5 to 305p. Midhurst White rose 1½ to 39½p on the news that Lynsal had increased its stake in the company.

Oils ease late

Oil shares held relatively steady until the late dealings when scattered offerings took prices slightly lower. British Petroleum ended 4 cheaper at 778p, while Shell finished similarly cheaper at 522p. Among North Sea issues, Tricentrol drifted back 4 to 158p and Oil Exploration were a like amount down at 212p.

Still reflecting the interim dividend omission and loss, J. E. Sanger eased afresh to a 1977-78 low of 29p before closing 4 cheaper on balance at 31p for a two-day loss of 14.

Investment Trusts edged higher in light trading. Anglo-International Asset recorded an exceptional rise of 8 to 123p on small buying in a thin market, while Caledonia Investments, 226p, and Carliol Investment, 100p, put on 3 apiece. Awaiting bid developments, London Australia *Investments rose 4 to 126p.* Capital issues made progress, Altifund and Dualvest both rising 4 to 147p and 188 respectively. Financials had contrasting movements in Haw Par, 1½ up at 29p, and Suez Finance, two points easier at £43.

Montfort (Knitting Mills) fell 3 to 51p on disappointment with the results, while Imps eased 1½ to 77½ reflecting the chairman's profits warning.

South African Industrials were notable only for a rise of 9 to 88p in Primrose; the latter has rejected the Tongaat offer.

London Sumatra, at 123p, gave up 2 of the previous day's gain of 7 which followed the company's formal rejection of the McLeod Russel/Sipef SA offer. Reflecting Malaysian activity, Highlands were 3 off at 88½p but Malakoff 5 better at 85p. Dealings in Gedong Investments were suspended yesterday at 125p at the company's request on receipt of a bid approach.

Golds rally strongly

After losing ground for the five previous trading sessions South African Golds staged a strong recovery in the wake of the bullion price, which rallied $3 to $180.375 per ounce.

A good performance in overnight transatlantic markets saw jobbers open share prices sharply higher and they moved further ahead as buying orders from most quarters coupled with bear closing came into the market.

News that Nigeria had ordered the withdrawal of all public funds from Barclays Bank in Nigeria as a reprisal for the bank's attitude to South Africa caused a brief reaction in share prices but they resumed their upward path in the after-hours trade as U.S. interest was again reported.

The Gold Mines index recouped nearly half the losses of the previous five days, rising 11.2 to 152.5.

Bear closing was most evident in the marginals. Durban Deep and East Rand Prop. both jumped 45 to 213p and 289p respectively, while West Rand Consolidated regained 35 to 122p. Grootvlei closed 15 higher at 103p and Marievale 10 better at 79p.

Among the heavyweights West Driefontein were outstanding with a £1¼ improvement to £18¼ and Vaal Reefs registered a ¾ gain at £12½.

South African Financials mirrored Golds. News that De Beers intends to impose a 40 per cent. surcharge on prices of rough stones at next week's "sight" saw the shares, already firm at 337p, move further ahead to close 9 higher at 342p. Elsewhere in South Africans Anglo American Corporation advanced 10 to 284p, Union Corporation 11 to 268p and GFSA a half-point to £11⅛.

London registered Financials showed Gold Fields 3 firmer at 176p reflecting the rally in Golds while Rio Tinto-Zinc added [illegible] more to 184p in a market short of stock.

Northern Mining, which doubled in price to 18p, featured Australians; heavy buying in overnight domestic markets followed rumours concerning the company's diamond exploration activities. Conzinc Riotinto, which has a majority stake in the consortium in which Northern Mining is participating, rose 6 to 168[illegible]. Uraniums also enjoyed a good day with Pancontinental 50 better at 825p and Peko-Wallsend 5 up at 480p.

FINANCIAL TIMES STOCK INDICES

	Mar. 22	Mar. 21	Mar. 20	Mar. 17	Mar. 16	Mar. 15	A year ago
Government Secs.	75.44	75.55	75.37	75.65	76.05	75.96	60.41
Fixed Interest	78.54	78.23	78.20	78.28	78.39	78.42	60.44
Industrial Ordinary	462.6	466.3	458.6	457.2	458.3	453.9	427.4
Gold Mines	152.5	141.3	141.9	149.6	155.5	161.1	139.8
Ord. Div. Yield	5.83	5.79	5.89	5.91	5.90	5.96	6.26
Earnings Y'ld % (full)(*)	17.23	17.02	17.31	17.38	17.36	17.62	16.34
P/E Ratio (net)(*)	8.15	8.24	8.10	8.07	8.08	8.00	8.56
Dealings marked	5,826	5,273	4,098	4,935	4,894	5,663	6,330
Equity turnover £m.	—	79.56	56.96	65.83	58.81	71.20	101.01
Equity bargains total	—	18,359	14,076	10,985	14,466	14,566	15,909

10 a.m. 465.8. 11 a.m. 464.1. Noon 465.2. 1 p.m. 465.0. 2 p.m. 465.4. 3 p.m. 464.8.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=8.79.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. ‡ Corrected.

HIGHS AND LOWS

	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (8/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.6 (18/10)	95.1 (1/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 22	Mar. 21
—Daily		
Gilt-Edged	158.8	198.4
Industries	197.7	165.8
Speculative	53.6	57.8
Totals	158.5	120.0
5-day Average		
Gilt-Edged	194.9	199.2
Industries	160.8	158.5
Speculative	46.6	46.0
Totals	115.6	112.9

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (62)

CANADIANS (1)
Trans. Can. Pipe

BANKS (2)
Algemene — Deutsche Bank

BEERS (2)
Greenall Whitley — Young & Co. Brew. A

BUILDINGS (2)
Rovco — Whittingham (W.)

CHEMICALS (1)
Thurgar Bardex

DRAPERY & STORES (4)
Allied Retailers — Pawson (W. L.)
Ladies Pride — Vernon Fashion

ELECTRICALS (2)
Automated Secs. — Rediffusion

ENGINEERING (6)
Banro Cons. — Hill & Smith
Bullough — Thyssen-Huette
Cartwright (R.) — Tomkins (F. H.)

FOODS (1)
Pork Farms

HOTELS (1)
Grand Met. 10pc Ln. 1991-96

INDUSTRIALS (8)
First Castle — Pritchard Services
Hutch Whamp — Sotheby P. B.
James (John) — Vinten Group
Nash (J. F.) — Wood & Sons

MOTORS (5)
Rolls-Royce Motors — Heron Motor
Alexanders — Quick (H. & J.)
Hanger Invs.

PAPER (5)
Clay (R.) — Oxley Printing
Lond. Provl. Poster — Saatchi & Saatchi
Mills & Allen Intl.

PROPERTY (5)
Aquis Secs. — Midhurst White
Beazer (C. H.) — Warnford Invs.
Corn Exchange

TEXTILES (4)
Allied Textile — Leeds & Dist. Dyers
Dixon (D.) — Small & Tidmas

TRUSTS (8)
Channel Islands Inc. — Montague Bost. Wts
Int. Pac. Secs. — W. Coast & Texas
Lond. Aust. Inv. — Armour Trust
M. G. 2nd Dual Inc. — Common Mkt. Trust

MINES (1)
Chersonese — Muar River
Malakoff — Plantation Hldgs.

RUBBERS (4)
Supreme Corp.

NEW LOWS (4)

INDUSTRIALS (1)
Barrow Hepburn

OVERSEAS TRADERS (1)
Sanger (J. E.)

MINES (2)
Silvermines — South Crofty

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	53	1	21
Corpns., Dom. and Foreign Bonds	7	3	54
Industrials	389	238	[illegible]
Financial and Prop.	171	70	280
Oils	3	13	39
Plantations	4	6	21
Mines	73	9	48
Recent Issues	5	1	22
Totals	705	341	1,3[illegible]

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 31, 1976, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines index.

Contracting and Construction	+92.21	Textiles	+41.32
Hire Purchase	+92.17	Packaging and Paper	+40.56
Office Equipment	+73.38	Insurance Brokers	+39.79
Electronics, Radio and TV	+72.03	Household Goods	+37.86
Engineering Contractors	+71.93	500 Share Index	+35.32
Property	+70.62	Toys and Games	+34.97
Building Materials	+65.66	Merchant Banks	+34.82
Stores	+65.34	All-Share Index	+33.89
Electricals	+61.92	Banks	+30.71
Newspapers and Publishing	+61.03	Overseas Traders	+30.50
Consumer Goods (Durable) Group	+60.08	Mecanical Engineering	+29.86
Wines and Spirits	+59.74	Other Groups	+29.80
Breweries	+52.51	Discount Houses	+29.68
Capital Goods Group	+52.53	Chemicals	+26.38
Motors and Distributors	+49.43	Food Manufacturing	+23.89
Metal and Metal Forming	+47.42	Gold Mines F.T.	+17.95
Food Retailing	+47.31	Investment Trusts	+17.52
Insurance (Life)	+45.53	Tobaccos	+14.07
Insurance (Composite)	+44.61	Shipping	+10.10
Financial Group	+43.94	Oils	+4.95
Consumer Goods (Non-durable) Group	+43.49	Mining Finance	+3.98
Entertainment and Catering	+41.89		
Industrial Group	+42.67		

† Percentage changes based on Tuesday, March 21, 1978 indices.

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 21	Apr. 10	Jun. 22	July 5
Apr. 11	Apr. 24	July 6	July 19
Apr. 25	May 9	July 20	Aug. 3

For rate indications see end of Share Information Service

Stocks favoured for the call included Burmah Oil, United City Merchants, Premier Consolidated Oil, Queens Moat Houses, Blackman and Conrad, London Sumatra, French Kier, Staflex International, Swan Hunter, Duple International, Maurice James, Cons. Gold Fields, British Land, Bridgend Processes, Lister, Bellway, Cocksedge, Mills and Allen International, and Charterhall. Puts were taken out in H. P. Bulmer and Cons. Plantations Warrants, while doubles were arranged in Electronic Machine, Burmah Oil, Town and City Properties, Rio Tinto-Zinc, English Property, Intereuropean Property, Talbex, H. P. Bulmer and H. Wigfall. A short-dated call was transacted in H. Wigfall.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BP	£1	13	778	−4	966	720
Barclays Bank	£1	12	330	−10	350	228
Distillers	50p	10	176	−1	193	120
ICI	£1	10	358	—	446	325
Reed Intl.	£1	10	118	−1	233	100
Burmah Oil	£1	9	47	−1	83	41
Beecham	25p	8	627	−6	693	372
Cons. Gold Fields	25p	8	178	+3	224	137
GEC	25p	8	247	−3	284	163
Grand Met.	50p	8	105	−2	109	62
Rolls-Royce Mtrs.	25p	8	84	+3	85	54
Shell Transport	25p	8	522	−4	635	454
BAT Inds.	25p	7	295	—	368	235
NatWest	£1	7	270	−8	300	205
Rank Org.	25p	7	250	−4	276	128

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1)(e) and reproduced to-day in Stock Exchange dealings.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
105	F.P.	—	120	115	Saga Holidays	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., March 22, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. Mar. 21 Index No.	Mon. Mar. 20 Index No.	Fri. Mar. 17 Index No.	Thurs. Mar. 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	201.16	−0.1	17.71	5.81	8.01	201.33	198.50	198.53	199.77	165.98
2	Building Materials (27)	182.73	+0.6	17.30	5.72	8.34	181.71	180.51	180.28	178.74	138.41
3	Contracting, Construction (26)	318.31	+0.7	18.05	4.05	8.26	316.19	309.26	309.00	306.16	231.99
4	Electricals (15)	424.66	−1.2	15.66	4.17	9.11	430.02	423.49	423.89	437.97	337.42
5	Engineering Contractors (14)	284.34	—	17.65	7.11	7.76	284.22	280.52	282.19	282.87	211.10
6	Mechanical Engineering (71)	160.20	+0.5	18.97	6.40	7.49	159.35	156.64	156.44	156.58	148.43
8	Metals and Metal Forming (17)	161.61	−0.6	19.32	8.55	6.95	162.55	160.87	161.14	160.79	138.33
	CONSUMER GOODS										
11	(DURABLE) (52)	186.52	+0.8	18.23	5.06	7.96	185.04	182.70	182.95	182.77	148.95
12	Lt. Electronics, Radio TV (15)	223.80	+1.3	15.92	3.78	9.08	220.90	219.18	219.77	219.41	170.14
13	Household Goods (12)	166.10	+0.5	17.20	7.37	8.08	165.31	165.46	165.71	165.13	149.47
14	Motors and Distributors (25)	114.84	+0.1	22.16	6.55	6.64	114.75	112.06	111.96	112.05	95.77
	CONSUMER GOODS										
21	(NON-DURABLE) (176)	194.27	−0.1	16.46	5.96	8.41	194.53	191.21	190.80	191.09	150.95
22	Breweries (14)	227.82	+0.5	14.33	5.83	10.58	226.78	221.50	220.58	219.29	160.82
23	Wines and Spirits (6)	249.60	−0.5	16.18	5.76	9.37	250.90	246.50	245.20	242.85	174.86
24	Entertainment, Catering (17)	245.45	−0.5	15.96	7.06	9.10	246.64	242.22	241.69	239.41	197.79
25	Food Manufacturing (22)	184.62	+0.3	21.50	5.90	6.57	183.99	181.03	180.38	180.92	171.64
26	Food Retailing (16)	189.21	—	14.55	4.83	9.92	189.18	184.97	185.35	184.62	164.57
32	Newspapers, Publishing (13)	327.45	+1.2	10.26	3.83	14.48	323.44	316.36	308.92	306.42	251.46
33	Packaging and Paper (15)	126.17	−0.4	21.12	9.28	6.81	126.70	125.25	124.90	125.87	110.96
34	Stores (39)	182.06	−0.3	10.64	4.36	13.82	182.58	178.50	178.12	178.84	138.06
35	Textiles (25)	168.48	−0.9	21.97	8.00	5.64	169.97	167.32	167.04	166.63	158.09
36	Tobaccos (3)	231.88	−0.6	23.87	8.07	4.98	233.24	233.63	235.21	239.20	211.61
37	Toys and Games (6)	101.52	+0.8	19.90	5.84	6.72	100.70	100.13	99.99	99.55	85.48
41	OTHER GROUPS (97)	185.62	−0.1	16.85	5.96	7.81	185.75	182.80	182.07	181.88	160.12
42	Chemicals (19)	257.83	—	18.46	6.72	7.27	257.95	252.35	250.42	250.68	233.89
43	Pharmaceutical Products (7)	241.35	−0.6	11.66	4.14	10.85	242.79	239.05	237.92	238.58	0.08
44	Office Equipment (6)	129.02	−0.8	18.81	4.82	6.24	130.06	127.45	127.33	127.16	99.49
45	Shipping (10)	435.81	+0.2	22.60	6.72	5.24	434.93	433.45	432.25	431.85	471.24
46	Miscellaneous (55)	193.12	+0.4	16.78	6.41	8.36	192.42	190.21	190.14	189.01	168.56
49	INDUSTRIAL GROUP (495)	199.84	—	16.98	5.86	8.12	199.92	196.78	196.42	196.78	166.83
51	Oils (5)	451.18	−0.7	16.71	4.39	6.79	454.17	445.78	441.13	432.57	461.15
59	500 SHARE INDEX	220.83	−0.1	16.94	5.64	7.89	221.13	217.56	216.88	216.60	192.43
61	FINANCIAL GROUP (100)	166.51	−0.3	—	5.46	—	167.08	165.15	165.14	164.89	136.57
62	Banks (6)	186.32	−2.3	26.12	5.77	5.81	190.61	189.69	187.51	186.33	155.50
63	Discount Houses (10)	201.80	+0.8	—	8.18	—	200.19	200.27	200.27	200.24	169.68
64	Hire Purchase (5)	153.88	−0.5	12.09	5.20	12.23	154.70	148.57	149.38	148.48	119.87
65	Insurance (Life) (10)	140.96	+1.0	—	5.99	—	139.53	137.83	137.54	137.55	116.26
66	Insurance (Composite) (7)	131.53	+0.4	—	6.41	—	131.02	128.28	128.40	129.20	112.33
67	Insurance Brokers (10)	343.23	+0.7	13.26	4.19	10.92	340.88	338.16	340.27	348.39	281.99
68	Merchant Banks (14)	76.95	—	—	6.21	—	76.93	76.08	76.54	76.46	67.34
69	Property (31)	236.95	+0.2	2.82	2.90	67.79	236.57	234.32	237.90	236.12	174.50
70	Miscellaneous (7)	106.48	−0.6	24.54	7.45	5.64	107.16	107.11	106.19	106.19	82.24
71	Investment Trusts (50)	184.29	+0.1	3.47	5.17	28.86	184.11	182.21	181.91	181.27	169.13
81	Mining Finance (4)	88.73	+1.1	17.57	6.60	6.62	87.78	86.72	87.66	87.52	102.51
91	Overseas Traders (19)	279.36	+0.7	16.64	7.01	7.48	277.40	275.75	275.79	273.55	266.79
99	ALL-SHARE INDEX (673)	205.00	−0.1	—	5.63	—	205.25	202.21	201.77	201.45	178.47

FIXED INTEREST PRICE INDICES

	British Government	Wed. Mar. 22	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	109.14	+0.08	—	2.10
2	5-15 years	122.01	+0.21	—	1.80
3	Over 15 years	129.25	+0.21	—	2.32
4	Irredeemables	143.30	—	—	1.78
5	All stocks	119.51	+0.16	—	2.11

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Wed. Mar. 22	Tues. Mar. 21	Year ago (approx.)
1	Low Coupons	5 years	7.65	7.66	7.15
2		15 years	9.92	9.94	10.65
3		25 years	10.45	10.46	11.94
4	Medium Coupons	5 years	9.69	9.73	9.73
5		15 years	10.99	11.01	11.53
6		25 years	11.17	11.19	12.38
7	High Coupons	5 years	9.96	9.98	10.76
8		15 years	11.75	11.78	12.79
9		25 years	12.06	12.07	13.09
10	Irredeemables		10.31	10.30	12.30

		Wed., March 22 Index No.	Wed., March 22 Yield %	Tues. March 21	Monday March 20	Friday March 17	Thurs. March 16	Wed. March 15	Tues. March 14	Monday March 13	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	61.05	†12.16	61.08	61.03	60.98	61.00	61.00	60.98	60.98	58.61
16	Investment Trust Prefs. (15)	56.27	12.55	56.35	56.12	56.17	56.41	56.50	56.58	56.66	49.04
17	Coml. and Indl. Prefs. (20)	74.67	12.08	74.49	74.53	74.62	75.35	75.83	75.80	76.05	68.77

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Cash Fund	95.4	100.4	—
Equity Fund	100.0	105.3 +1.1	—
Gilt Fund	114.7	120.7 −0.8	—
Intl. Fund	101.2	106.5 +1.8	—
Ppty. Fund	95.5	100.5 +0.1	—

Growth & Sec. Life Ass. Soc. Ltd.♥

Weir Bank, Bray-on-Thames, Berks. Tel. 34284

Flexible Finance		£1,069	—
Landbank Secs.		55.43	—
Landbank Secs. Acc.	116.2	119.3	—
G. & S. Super Fd.		£7.9693	—

Prices March 1. Next dealing April 3.

New Zealand Ins. Co. (U.K.) Ltd.♥

Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key Inv. Plan	134.6	138.8	—
Small Co's Fd.	95.0	100.0	—
Technology Fd.	95.0	100.0	—
Extra Inc. Fd.	93.8	98.8	—
American Fd.	92.9	97.7	—
Far East Fd.	95.0	100.0	—
Gilt Edged Fd.	95.0	100.0	—
Con. Deposit Fd.	95.1	100.1	—

BASE LENDING RATES

A.B.N. Bank	6½%	■ Hill Samuel §	6½%
Allied Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
American Express Bk.	6½%	Julian S. Hodge	7½%
Amro Bank	6½%	Hongkong & Shanghai	6½%
A P Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	6½%	Keyser Ullmann	6½%
Banco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	6½%	Lloyds Bank	6½%
Bank of Cyprus	6½%	London & European	8 %
Bank of N.S.W.	6½%	London Mercantile	6½%
Banque Belge Ltd.	6½%	Midland Bank	6½%
Banque du Rhone	7 %	■ Samuel Montagu	6½%
Barclays Bank	6½%	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	6½%
Bremar Holdings Ltd.	7½%	Norwich General Trust	6½%
Brit. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
Brown Shipley	6½%	Rossminster Accept'cs	6½%
Canada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
Capitol C & C Fin. Ltd.	8½%	Schlesinger Limited	6½%
Cayzer Ltd.	7 %	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
Charterhouse Japhet	6½%	Shenley Trust	9½%
Choulartons	6½%	Standard Chartered	6½%
C. E. Coates	7½%	Trade Dev. Bank	6½%
Consolidated Credits	6½%	Trustee Savings Bank	6½%
Co-operative Bank *	6½%	Twentieth Century Bk.	7½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	6½%	Whiteaway Laidlaw	7 %
The Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
Duncan Lawrie ¶	6½%	Yorkshire Bank	6½%
Eagil Trust	6½%		
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Greyhound Guaranty	6½%		
Grindlays Bank ‡	6½%		
Guinness Mahon	6½%		
Hambros Bank	6½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 3%, 1-month deposits 3½%.

† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4¼%.

‡ Call deposits over £1,000 3%.

§ Demand deposits 4%.

¶ Rate also applies to Sterling Ind. Secs.

Kemp-Gee Management Jersey Ltd.

1, Charing Cross, St. Helier, Jersey. 0534 73741

Kemp-Gee Capital	84.6	87.2	—
Kemp-Gee Income	65.3	67.9	8.50

World Wide Growth Management♦

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	SUS12.90	−0.10	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 460-465

INSURANCE BASE RATES

† Property Growth 7½%

† Vanbrugh Guaranteed 6.87%

* Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or −	Int.	Yield Red.

"Shorts" (Lives up to Five Years)

1977-78 High	Low	Stock	£	+ or −	Int.	Yield Red.
104¼	97⅞	Treasury 10½pc '78‡‡	101¼	....	10.35	5.80
100¼	90½	Exch. 5pc '76-78‡‡	99½xd	....	5.02	5.97
107	95¾	Treasury 11½pc '79‡‡	104	+	11.02	6.78
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

1977-78 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
35	20¼	Fluor Corp $½	25¾	+⅜	$1.20	—	2.6
41½	26⅝	Ford Motor $2	33¾	−½	$3.20	—	5.3
28⅝	16⅛	GATX	18xd	−⅛	$2.50	—	7.8
47¼	29⅝	Gen. Elect. $2½	35⅞	−½	$2.20	—	3.5
25¼	15⅛	Gillette $1	20⅜xd	−⅝	$1.50	—	4.2
45⅛	28	Honeywell $1.50	34¾xd	−¼	$1.90	—	3.1
935p	750p	Hutton E.F.	915p	−15	$0.68	—	4.2
251	171	I.B.M. Corp. $5	182xd	−1	$11.52	—	3.1
66¼	34	Ingersoll-R $2	39xd	−½	$3.00	—	4.4
23½	630p	Int. Systems & Con. $1	16¾	+½	25c	—	0.8
11⅝	705p	I. U. International	875p	+10	90c	—	5.8
33⅞	18	Kaiser Al. $1	23¼xd	−⅝	$1.60	—	3.9
34⅝	20	Manf. Han. US$7.50	24xd	−⅜	$1.92	—	4.5
48	26⅝	Morgan (JP) US$2.5	31¼xd	−⅛	$2.20	—	4.0
17¼	12	Norton Simon Inc. $1	13⅝	−⅜	76c	—	3.1
[illegible]							

S.E. List Premium 44⅛% (based on $US1.8972 per £)

Conversion factor 0.6912 (0.6899)

CANADIANS

[illegible]

S.E. List Premium 44⅛% (based on $2.1367 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
210	70	Falcon Rh 50c	190	......	Q50c	1.3	24.2
24	9	Rhod'n Corp. 16⅔p.	19	......	0.57	4.3	4.5
165	52	Roan Cons. K4	65	......	—	—	—
164	115	Tanganyika 50p	126	......	Q11.0	1.1	8.7
80	70	Do. Pref. 80p	80	......	Q9%	16.4	9.0
42	27	Wankie Col. Rh1	38	−1	Q7½c	1.4	16.8
27½	10	Zam.Cpr.SBD0.24	10	......	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
20	10	Acmex 25c	10	......	—	—	—
127	57	Bougainville 50 Toea	95	......	Q8c	1.4	5.3
128	62	BH South 50c	71	......	—	—	—
325	119	Conzinc Riotinto 50c	168	+6	Q10c	ϕ	3.7
72	18	G.M. Kalgoorlie $1	60	......	—	—	—
112	77	Hampton Areas 5p	93	......	1.45	4.1	2.4
35	10	Metal Ex. 50c	10½	......	—	—	—
242	125	M.I.M. Hldgs. 50c	150	......	Q9c	1.7	3.7
105	10	Mount Lyell 25c	17	......	—	—	—
2¼	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	91	+1	Q8c	1.5	5.4
12	4½	Nth. Kalgurli	11	......	—	—	—
150	87	Oakbridge $A1	148	......	†Q11c	1.9	4.6
55	20	Pacific Copper	34	+1	—	—	—
£13	575	Pancont'l 25c	825	+50	—	—	—
19	8	Paringa M&Ex 5p	16	−½	—	—	—
555	345	Peko-Wallsend 50c.	480	+5	Q15c	4.0	1.9
164	84	Westn. Mining 50c	105	......	Q6c	1.4	3.5
75	35	Whim Creek 20c	50	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
39	18	Amal. Nigeria	25	+1	†2.51	1.6	15.2
395	240	Ayer Hitam $M1	270xd	......	$Q46½c	0.9	‡
57	25	Beralt Tin	53	+1	3.75	2.3	10.7
260	155	Berjuntai $M1	222	......	$Q110c	ϕ	‡
142½	65	Geevor	115xc	......	18.05	3.4	23.8
13	8	Gold & Base 12½p	8½	......	—	—	—
325	190	Gopeng Cons.	225	−5	15.0	0.9	10.1
150	72	Hongkong	147	−3	—	—	—
100	60	Idris 10p	83	−2	7.5	ϕ	13.7
11	7	Jantar 12½p	11	......	—	—	—
85	30	Kamunting $M0.50	69	......	ZQ15.5c	0.7	4.8
490	260	Killinghall	450	......	Q125	ϕ	27.8
410	217	Malay Dredging $M1	280xd	......	†Q95c	0.8	7.3
50	40	♦Pahang	50	......	†Q2.5	0.5	5.0
70	50	Pengkalen 10p	50	−3	6.5	1.3	19.7
215	133	Petaling $M1	173	......	mQ12c	10.9	1.6
90	35	Saint Piran	50	......	g1.99	4.6	6.0
73	48	South Crofty 10p	48	−2	b4.12	1.5	10.4
210	77	South Kinta $M0.50	145	......	tQ77.6c	1.4	11.5
305	148	Sthn. Malayan $M1	245	......	tQ31.3c	1.1	11.5
160	57	Sungei Besi $M1	154	+1	—	—	—
*68	19	Supreme Corp. $M1	68	+4	ZQ10c	—	3.2
102	42	Tanjong 15p	93	......	4.5	ϕ	7.3
95	45	Tongkah Hrbr. $M1	85	...	Q5.57%	1.6	14.4
283	93	Tronoh $M1	175xd	+3	ZQ58c	ϕ	10.8

COPPER

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
198	70	Messina R0.50	74	......	‡Q30c	1.9	‡

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
9½	9	Burma Mines 17½p.	9	......	—	—	—
600	220	Cons. Murch. 10c	230	+10	Q30c	ϕ	7.8
475	245	Northgate C$1	287	−3	—	—	—
247	164	R.T.Z.	184	+2	18.5	q3.1	7.0
70	28½	Sabina Inds. C$1	31	−3	—	—	—
£14¾	750	Tara Exptn. $1	800	+50	—	—	—
55	39	Tehidy Minerals 10p	43	−2	1.21	2.5	4.3
160	120	Yukon Cons. C$1	145	......	Q7c	ϕ	2.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♦ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 36

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	.....
Ash Spinning	43	.....
Bertam	14	.....
Bdg'wtr. Est. 50p	285	.....
Clover Croft	22	.....
Craig & Rose £1	410	.....
Dyson (R. A.) A	41	.....
Ellis & McHdy.	65	.....
Evans Fr'k. 10p	57	.....
Evered	15¼	.....
Fife Forge	47	.....
Finlay Pkg. 5p	19	.....
Graig Ship. £1	150	.....
Higsons Brew	80	.....
I.O.M. Stm. £1	144	.....
Holt (Jos.) 25p	250	.....
N'thn. Goldsmith	56	.....
Pearce (C. H.)	129	.....
Peel Mills	17	.....
Sheffield Brick	46	.....
Sheff. Refrshmt.	51	.....
Shiloh Spinn	22	.....
Sindall (Wm.)	83	.....

IRISH

Conv. 9% '80/82	£96½	.....
Alliance Gas	70	.....
Arnott	280	.....
Carroll (P.J.)	98	.....
Clondalkin	89	+1
Concrete Prods.	123	.....
Heiton (Hldgs.)	49	.....
Ins. Corp.	180	.....
Irish Ropes	130	−3
Jacob	60	+5
Sunbeam	30	.....
T.M.G.	190	+10
Unidare	75	.....

OPTIONS

3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	34
British Oxygen	6
Brown (J.)	20
Burton 'A'	13
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	23
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr.	11
Midland Bank	25
N.E.I.	20
Nat. West Bank	22
Do. Warrants	10
P & O Dfd.	10
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	14
Spillers	4
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Brit. Land	3¾
Cap. Counties	5
E.P.	5
Intreuropean	4
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils

Brit. Petroleum	35
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22

Mines

Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday March 23 1978

Rough diamond price to go up by 40%

BY PAUL CHEESERIGHT

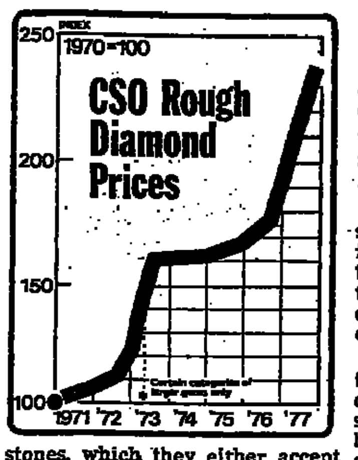
ROUGH DIAMONDS coming on to the market at the next sale will cost 40 per cent. more than the list price posted last December, De Beers, the world's largest diamond producer, said yesterday.

The sale will be as one of ten sales held annually in London, it will be run by the Central Selling Organisation which controls the flow of some 90 per cent. of the world's rough diamond production on to the international market.

The surcharge is being imposed in the wake of warnings by both De Beers and the CSO that the market has become overheated. It is believed in some quarters of the industry that the CSO will also sharply increase the volume of diamonds for purchase at the next sale.

The aim of a twin movement on prices and volume would be to make the holding and speculative trading of diamonds in such cutting centres as Antwerp, Tel Aviv, Bombay, New York and London less financially attractive.

CSO clients have only a limited amount of room to manoeuvre. At each of the sales they are offered a package of stones, which they either accept or rject. In normal times they funnel th estones into the cutting centres for polishing and processing into jewellery.



De Beers said yesterday that the CSO was moving its prices up, at least for this particular sale, to meet those being charged on the open market in the cutting centres.

He emphasised that the surcharge would not really affect the consumer—the buyer of diamond jewellery in the shops.

The measure was directed at trading within the industry.

In recent months merchants in the cutting centres, especially Tel Aviv, have been holding on to rough stones as a hedge against currency uncertainties and political instability.

The result has been that the stones have been changing hands frequently at a premium of between 40 and 50 per cent. above the CSO prices, and in isolated cases at a premium of 100 per cent.

The smoth flow of diamonds from the mines, through the processing centres, and out to the shops has been interrupted. The build-up of stocks in an uncoordinated way in the cutting centres threatens the stability of the industry, which has been based for 40 years on the selling policies of De Beers and the CSO.

A fortnight ago De Beers warned that speculative trading in the cuting centres had carried rough diamond prices to levels which could not be sustained when related to prices at consumer level. Last week the CSO announced the surcharge policy, which it said would be reviewed before each sale.

Birds Eye will re-open its Kirkby factory

BY PHILIP BASSETT AND ARTHUR SMITH

BIRDS EYE has withdrawn dismdssal notives given two weeks ago to 1,200 workers at its plant at Kirkby, Liverpool, and is to re-open the factory. But 457 jobs will be lost.

On another Merseyside employment trouble spot, Lucas Aerospace shop stewards pledged total opposition to company reorganisation plans which involve closing its Liverpool plant which employs 1,450 workers.

A phased re-opening of the Birds Eye factory, which has suffered a 15-week strike before the dismissal notices were issued, will start from Monday, April 3, the company anounced yesterday. A committee of inquiry of national union officials and management representatives will examine the background of industrial relations at Kirkby.

The decision was made at a board meeting this week which discussed representations made by national union officials last week and the recommendation to re-open from Mr. George Tickle, plant manager.

The conditions for re-opening covered productivity, co-operation, the loss of 424 process and 32 engineering jobs the settlement of the engineers' wage claim which caused the strike.

Workers who will lose their jobs will receive redundancy pay after all, the company said. Settlement of the pay claim is on terms offered originally by the company before the strike and is said to be within Government guidelines.

Birds Eye said there mlst be a new and different Kirkby, but the bitterness caused by the strike and the dismissal notices was apparent in a statement from the engineering stewards at Kirkby, which attacked Mr. Brian Spencer, the factory's personnel manager.

On the Lucas closures, the combined committee of shop stewards voted unanimously in Birmingham to urge members at the 17 factories to resist the company's proposals "by every menas." The stewards said there should be no movement on equipment or information between plants and no acceptance of transferred labour.

Mr. Ernie Scarborow, secretary of the combined committee, said: "We anticipate full support for this action. The company has got a fight on its handls. The next move is theirs."

Mr. James Blyth, general manager, dismissed the shop stewards' claim that the company's aim was to trim the labour force from 12,000 to 8,000. The plans would make Lucas economic until the 1990s at least. He rejected the shop stewards' alternative corporate plan for diversification into "socially desirable" products.

The shop stewards' combined committee, an unofficial body, underlined its differences with union leadership by deploring the fact that the executive of the Confederation of Shipbuilding and Engineering Unions had met the company in the absence of shop-floor representatives.

News analysis, Page 13

THE LEX COLUMN

Ups and downs at Tubes

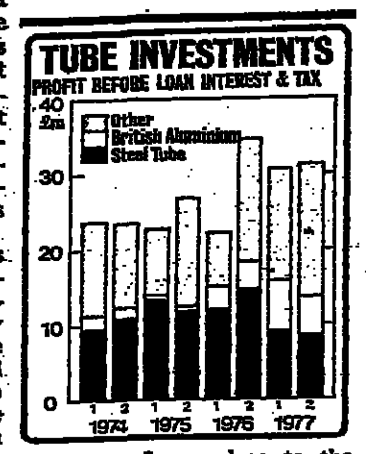
In the end, Tube Investments' achievement of £55.2m. pre-tax for 1977 against £49.6m. is a reasonably satisfactory outcome given the unfavourable trends in the engineering sector. But the pattern over the year—profits rose 48 per cent. in the first half but fell a tenth in July-December—is depressingly familiar, and £65m. was widely expected at the time of the rights issue last August.

Conspicuously, the group's previously most profitable divisions have all come under pressure. Steel tube contributed only £17.4m. against £26.6m. at the pre-loan interest level, and volume appears to have been no more than maintained for the year as a whole. The collapse in margins from 11.5 to 6.6 per cent. partly reflects poor demand and the damaging strike at T. I. Weldless, but also the absence of the stock profits on which the group has leaned heavily during recent years of surging steel prices. Elsewhere cycle profits, also strike-affected, dipped a sixth and the overseas contribution suffered from poor markets and weak currencies in Australia and Canada.

To counter these trouble spots Tubes has fortunately been able to take in a sharply higher share of profits at British Aluminium—up £5.5m. to £11.8m.—and has been receiving the pay-off from recent reorganisation efforts in a number of smaller divisions. Thus domestic appliances and the engineering and industrial electrical divisions have doubled their combined contribution to £17.4m.

But the poor quality of Tubes' profits is underlined by the deep inroads made by the Hyde guidelines—cutting pre-tax profits by two-thirds to just £19.2m. — while the group remained in slight cash deficit over the year. So for the moment a yield of 8.9 per cent. at 368p is probably more relevant than a p/e of 4.8 (on a 20 per cent. tax charge). The outlook for 1978 is uncertain, but although BA's profits look a little vulnerable there are hopes that the tube and domestic appliance divisions could strengthen, at any rate later in the year.

Index fell 3.7 to 462.6



Thomas Tilling

Accelerated growth in the second half has pushed Thomas Tilling's pre-tax profits up 29 per cent. for the year to £53.9m.—a figure close to the top of analysts' expectations. Group turnover, which is 21 per cent. higher at £811m., reflects higher levels of activity in almost all areas.

These figures do not include the results of any of the recent U.S. acquisitions, with the exception of Intermedco which contributed around 3 per cent. of the pre-tax figure. Two sectors showing less than average growth are engineering and furniture. In the latter Rest Assured had to contend with tougher trading conditions, and furniture profits must be compared with those of 1976, a particularly good year for the trade.

On the other hand, both the electrical wholesaling and Cornhill Insurance business performed particularly well, with Cornhill benefiting from better investment and underwriting profits. On the balance sheet side, Tilling has nothing to worry about with net borrowings down from £82m. to £56m., and net tangible assets of over £215m. The shares are fairly valued on a fully taxed P/E of around 8 and a yield of approaching 6 per cent.

C. T. Bowring

C. T. Bowring's 28 per cent. advance in pre-tax profits to £33m. was a little better in overall terms than many analysts had been expecting, but there was less enthusiasm about the relatively pedestrian advance in insurance broking profits of only 17 per cent. to £20m. This compares unfavourably with Howden's and Willis Faber's full year performances, baring in mind that both these bore the additional expenses of office moves.

Although Bowring had to cope with some internal reorganisation, not involving a move of head offices, which pushed up the expense ratio the costs were nothing like those of Willis or Howden. Some of the loss of momentum may be attributable to a lower rate of growth of interest income on Bowring's deposited money, as well as the unfavourable currency movements.

What did surprise in the latest figures was the size of the operating losses of some £2.7m. being sustained on the group's shipping interests. Despite the dismal state of the freight market Bowring intends to remain active in shipping although its fleet was reduced from seven vessels to five during 1977.

Meanwhile the group's finance and banking interests have accounted for nearly a half of last year's improvement due to the favourable movement of interest rates. But this relatively rapid growth of the group's lower quality earnings contributors is not helping the shares at 116p (down 4p), and on a yield of 3.9 per cent. they are likely to underperform the sector.

Rolls-Royce Motors

The fact that Rolls-Royce Motors' went out of its way to be optimistic in its recent preliminary statement suggested that something special was in the offing. And sure enough yesterday the company—which has had two rights issues since it went public in 1973—announced improved conversion terms for its £6m. Convertible Loan Stock. On the existing basis this stock, originally issued by the receiver, would not have become attractive for conversion until 1981, when the income from the converted stock—assuming 10 per cent. annual dividend growth—would have exceeded the loan interest.

But Rolls-Royce Motors' gearing has been getting closer to the 50 per cent. of shareholders' funds limit which its bankers consider appropriate—it is currently about 47 per cent. Hence this attractive conversion package, with the promise of a 20 per cent. dividend increase, which will knock the ratio back to less than 30 per cent. The cost to shareholders is an extra equity dilution of almost 3 per cent.

Barre continues as Premier of France for the time being

BY ROBERT MAUTHNER PARIS, March 22.

PRESIDENT Giscard d'Estaing to-day asked M. Raymond Barre to stay on as French Prime Minister at least until the new National Assembly meets on April 3, but he did not immediately reveal his longer-term intentions.

At the first Cabinet meeting after Sunday's comfortable election victory of the governing Centre-Right coalition, M. Barre formally offered to resign, but without going as far as actually submitting his resignation.

"If you consider that a new Government should be formed, I am ready, at any time you deem opportune, to submit my resignation and that of my Government in accordance with the Constitution," M. Barre told the President.

M. Giscard replied that he would make his decision known at "the appropriate time."

This somewhat byzantine exchange appears to indicate that the President would like to give himself a little more time before taking a final decision on nis new Prime Minister.

Many French observers believe, however, that M. Barre stands a good chance of being re-appointed, at least for a limited period.

If he is asked to contnue, this would seem to indicate that the economic stabilisation policy of the last Government would be pursued during the first few months of the new administration.

The list of other possible candidates for M. Barre's job was reduced to-day by the announcement by Mr. Jacquse Chaban-Delmas, a former Gaullist Prime Minister, that he would run for the presidency of the national Asesmbly.

His decision caused a fluttering in the Gaullist dovecotes because the present incumbent, M. Edgar Faure, also announced that he would stand again.

In the running

M. Faure, who previously maintained loose ties with the Gaullists but now has become a full member of the party, appears to have the backing of M. Jacques Chirac, the Gaullist leader.

The old rivalry between M. Chaban-Delmas and M. Chirac—which dates back to the last Presidential election when M. Chirac backed M. Giscard against M. Chaban-Delmas — thus seems likely to be revived.

All the indications are that M. Chaban-Delmas has made his bid for the National Assembly presidency with the support of M. Giscard. The relations between the two men appear to have improved greatly over the past fw weeks after several visits by M. Chaban-Delmas to the Elysee Palace.

The other two candidates still in the running for the Prime Minister's job are Mme. Simone Veil, the popular Health Minister, and M. Alain Peyrefitte, the Justice Minister. M. Peyrefitte was asked by the President to stay behind for half an hour after to-day's Cabinet meeting, and this was considered to be a significant sign by some observers.

On the Opposition side, the biggest development has been the announcement by M. Robert Fabre, the Left-wing Radical leader, that he intends to resign.

The precipitate statement by M. Farbre last Sunday that, given the outcome of the election, the Radicals were no longer bound by the common programme of the Left, has produced a split in the party which will not be easily healed.

This development may give M. Giscard the opportunity to form a more broadly-based Government, including at least one or two of former supporters of the Union of the Left.

Unions want to see Giscard Page 3

£100,000 handshake for insurance chief

BY MARGARET REID

SHAREHOLDERS of Commercial Union Assurance are to be asked at the annual meeting on April 17 to approve a £100,000 payment to Mr. Gordon Dunlop, 49, who resigned as chief executive on May 31 last year because of policy differences with the Board.

The proposed payment is rather smaller than might have been expected. Mr. Dunlop was paid £53,398 in the last full year of his five as chief executive.

However, Sir Francis Sandilands, the chairman, explains in his annual review accompanying the accounts that Mr. Dunlop has worked for the company as a consultant since his resignation from the top executive office.

Mr. Dunlop's employment is to end on April 16, his 50th birthday, and the day before the annual meeting. The amount of his salary in his advisory role since last May has not been disclosed. Whatever it is will be relevant to the fixing of his pension.

Sir Francis explains that Mr. Dunlop, who had been with the company for 12 years, had no formal service contract. It is the unanimous recommendation of the directors that the proposed "ex gratia" payment of £100,000 should be made.

Mr. Dunlop's five years as chief executive were a period of rapid and sometimes controversial expansion for the group; the time also embraced an exceptionally difficult phase for the industry—in 1975, Commercial Union suffered a net loss of £3.5m.

The proposed £100,000 would not be a record for a golden handshake to a departing chief executive of a large company. Mr. Graham Dowson, who left Rank Organisation in the autumn of 1975 after a boardroom rift, received £150,000 and six months' paid leave.

Government keen to press on with Windscale plans

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT now wishes to press ahead without further delay on the building of the British Nuclear Fuels atomic waste reprocessing plant at Windscale, Mr. Peter Shore, the Environment Secretary, told the Commons last night.

He will shortly be introducing the Special Development Order, which must be approved by MPs before final planning permission for the plant is given.

Mr. Shore did not give a date for introducing the order, but it is expected to be laid before the House about two weeks after the Easter recess.

He made his remarks while opening the Commons debate on the report of the Windscale inquiry, carried out by Mr. Justice Parker, which recommended that the British Nuclear Fuels' proposals should be accepted.

The order will recommend that the plant should be built to the full scale proposed by the company. This would mean a capacity of 1,200 tons a year and the handling of waste from Britain's own nuclear plants and from foreign customers, notably Janan.

The order will also include the list of safeguards laid down by Mr. Justic Parker. These are mainly aimed at ensuring that the local authority has full powers to retain detailed planing control over the development.

Mr. Shore gave his wholehearted backing to Mr. Justice Parker's findings in favour of the company. He also made it clear that he did not believe that the reprocessing would undermine the effectiveness of Britain's commitment to the nuclear non-proliferation treaty.

Dismissing suggestions that work on the plant should be delayed for two years until the outcome of the international fuel cycle evaluation, he said: "I do not believe it is realistic to hope that, if we delay construction, the need for the new plant might meanwhile disappear."

Parliament, Page 14

Craftsmen's strike blamed for Vauxhall's £2m. loss

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE GRADUAL financial recovery of Vauxhall Motors, the General Motors subsidiary in Britain, suffered a severe setback last year because of the November craftsmen's strike and losses on currency realignments.

Pre-tax losses amounted to £2m., rising to £2.2m. after tax against a loss of £1.9m. after tax in 1976.

Mr. Bob Price, chairman and managing director, blamed these losses squarely on the month-long craftsmen's dispute, which, he said, prevented the production of 23,000 vehicles.

"The consequent loss of turnover exceeded £60m. and so prevented the company from erding the year with a net profit."

Because of the strike, vehicle sales rose only slightly from 230,204 units to 234,166, leading to a turnover of £630m., against £510m. last year.

The situation was made worse by losses on currency realignments which converted a £33,000 gain in 1976 into a deficit of £4.3m.

But the company showed a considerable improvement in its overall financing by reducing its interest and other charges from £9m. to £7.3m. This meant that it was able to report the third annual increase in operating profits, which rose from £7.3m. to £9.6m.

It is known that Vauxhall has plans to introduce a British version of the Opel Rekord later this year, and this may mean a further increase in the workforce again, which went up last year from 28,600 men to 31,700.

Company report Page 23

Weather

SUNNY intervals or showers. Cold and windy.

London Area, S.E. England, E. Anglia, Cent. S. England, E. Midlands, E. England, Channel Is.
Showers, sunny intervals. Max. 7C (45F).

W. Midlands, S.W. England, Wales:
Showers, local gales. Max. 7C (45F).

N.E. England, Borders, Edinburgh, Aberdeen and Dundee areas, N.E. Scotland, Moray Firth
Showers, bright intervals. Max. 5C (41F).

N.W. England, Lake Dist., Isle of Man, Cent. Northern England, S.W. Scotland, Glasgow Area, Ireland
Showers, local gales. Max. 6C (43F).

Cent. Highlands, Argyll, N.W. Scotland
Showers, coastal gales. Max. 5C (41F).

Orkney
Showers, local gales. Max. 5C (41F).

Shetland
Showers. Max. 4C (39F).

OUTLOOK: Warmer, occasional rain.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	C	8	46	Luxembrg.	C	3	37
Athens	S	13	55	Madrid	S	16	61
Bahrain	S	25	77	Manchstr.	C	7	45
Barcelona	S	14	57	Melbourne	R	18	64
Beirut	C	17	63	Milan	S	12	54
Belfast	F	10	50	Montreal	C	2	36
Belgrade	C	7	45	Moscow	S	2	36
Berlin	S	2	36	Munich	C	1	34
Birmghm.	R	8	46	Newcastle	R	5	41
Bristol	R	10	50	New York	S	10	50
Brussels	C	7	45	Oslo	F	−6	21
Budapest	F	8	46	Paris	R	7	45
B. Aires	C	22	72	Perth	S	32	90
Cairo	S	29	84	Prague	Sn	1	34
Cardiff	R	9	48	Reykjavik	C	2	36
Chicago	C	7	45	Rio de J'o	S	30	86
Cologne	C	7	45	Rome	F	15	59
Copnhagn.	C	−1	30	Singapore	S	31	88
Dublin	C	11	52	Stockholm	S	−7	19
Edinburgh	R	8	46	Strasbourg	C	8	46
Frankfurt	C	5	41	Sydney	C	27	81
Geneva	F	5	41	Tehran	C	18	64
Glasgow	R	7	45	Tel Aviv	S	18	64
Helsinki	C	−5	23	Tokyo	C	8	46
H. Kong	C	14	57	Toronto	C	2	36
Jo'burg	S	26	79	Vienna	Sn	2	36
Lisbon	S	17	63	Warsaw	C	−1	30
London	C	8	46	Zurich	C	4	39

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	14	57	Jersey	R	9	48
Algiers	F	18	64	Las Plms.	C	19	66
Biarritz	S	13	55	Locarno	S	11	52
Blackpool	C	9	48	Majorca	S	15	59
Bordeaux	F	12	54	Malaga	S	21	70
Boulogne	R	7	45	Malta	F	12	54
Casablnca.	S	17	63	Nairobi	C	18	64
Cape Town	S	25	77	Naples	F	13	55
Corfu	C	11	52	Nice	S	14	57
Dubrovnik	C	8	46	Nicosia	F	18	64
Faro	S	21	70	Oporto	C	13	55
Florence	S	14	57	Rhodes	C	18	64
Gibraltar	S	19	66	Salzburg	Sn	2	36
Guernsey	R	9	48	Tangier	S	20	68
Innsbruck	C	4	39	Tenerife	C	13	55
Inverness	F	9	48	Tunis	F	14	57
I. of Man	R	8	46	Valencia	S	19	66
Istanbul	R	9	48	Venice	F	14	57

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

Continued from Page 1

Steel

as hte closure continues of the high-cost works contained in the schedule prepared by Lord Beswick when he was Minister of State at the Department of Industry.

Mr. Varley did promise yesterday that a start might be made during the coming financial year on new continuous casting plant at the Port Talbot works.

A nationwide campaign to create jobs in areas affected by the British Steel rationalisation programme was launched last night. A subsidiary company, British Steel (Industry) is to spear-head the drive.

Mr Varley came under bitter attack from Labour MPs representing steel constituencies affected by the cuts. He was angrily accused of betraying promises and commitments to the industry and causing further unemployment in areas already badly hit.

● Scottish trade unions said they would not accept the further rundown of labour and of the steel product range that was "implicit in the Government plans."

Construction company faces safety 'blitz'

BY SUE CAMERON

THE FACTORY inspectorate is to launch a "co-ordinated blitz" on one of the U.K.'s biggest construction companies over its safety standards, Mr. Jim Hammer, chief Inspector of Factories, said yesterday. He refused to name the company, but it is thought to be a plant-hire concern.

The investigation comes in the wake of a Health and Safety Executive report on the construction industry which forecasts that 2,000 people will be killed and a further 400,000 seriously injured over the next ten years unless there is a radical improvement in the industry's safety measures.

The inspectorate would concentrate on one national company, which on statistical evidence had more than its share of accidents in the industry, Mr. Hammer said in London yesterday. The company concerned had been told of the inspectorate's plans, which had "probably caused some disquiet at board level."

Inspectors from each of the 21 Factory Inspectorate areas would visit the sites of the company under investigation, and also look at safety standards within the construction industry as a whole. They would time their visits to arrive when things were most likely to be going wrong, Mr. Hammer said.

The British Safety Council sent a telegram to the Health and Safety Executive last night protesting over its refusal to name the company it was investigating, arguing that the name should be revealed for the sake of the workers, who ought to know about their employer's safety standards.

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